THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

January 25, 1941

Nomura Seen as Japan's Last Hope After Year's Trade Rift with U.S.

Puppet Bank Fraud Bared

U.S. Leaders Condemn Axis

(COMPLETE DETAILED REPORT)

Matsuoka Climbs Down

Hongkong Enters Second Century in Feverish Preparation for Emergency

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What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

U. S. EVACUATION

To the Editor:

In your issue of December 1, we took notice of the letter from Mr. Earl H. Leaf, "Evacuation Urged".

With all due respect to the warnings and requests, I beg to disagree with his suggestion that by not evacuating we may be hamstringing the United States Government's strong policy in the Far East.

If we are called to government service, we expect to do our duty as American citizens. We believe, however, that we are not any less Americans if we decide to maintain our residence in China with our families.

I spoke to one American several weeks ago in this manner, asking what he was going to do about evacuation. He said that he intended to stay, and that if the government wants him to evacuate it must provide transportation for him and his family and guarantee something for them to live on.

Suppose the family of this person is not American, and cannot be registered as such. They will not be considered by the consular authorities. This man will remain, and there are others of like nature who feel that they might as well take their chances here in Shanghai.

Regardless of who or how many Americans evacuate, there undoubtedly will be large numbers of people in Shanghai. Why should we be afraid to act in any given situation with due realization of the danger? It should never hamstring our government to act as it feels suitable.

In view of a war with Japan, there are those who should serve their government, but to others it is up to the individual and his family. There will be numbers of Japanese in America in the same situation. Americans who are in no position to leave will not be forgotten, for there will be some way for their interests to be taken care of.

If a tree has reached a certain growth, it may be impossible to uproot it and plant it elsewhere, and our duty lies with our family as well as with our country. This letter wishes to express the opinion regarding such men who have family ties here.

Shanghai, Jan. 8, 1940.

L.A.

TRAMWAY SQUEEZE

To the Editor:

Commenting on the recent short-lived strike of Settlement streetcar conductors, one French Concession conductor was overheard as saying, "How can they afford to strike when they are getting five to six dollars of squeeze money per day. It is the machine shop workmen who really wanted the strike."

I should think that there are at least two thousand conductors employed in the Shanghai Tramway Co. Suppose everyone of them gets six dollars squeeze money per day, then there must be twelve thousand dollars squeezed every day, $360,000.00 per month, or about four and a half million dollars per year.

But, mind you, this six dollars per day is only a net figure because there are still others who must share the spoil. I would not be surprised if the real figure should reach ten dollars per day per head.

But, who is the real loser in this big game of squeeze? It is the Shanghai public, of course. Do the Taipans of the Company know anything about it? Of course they do. The figure is so big that they cannot afford to pretend they know nothing about it but for their own under-cover methods, they see it fit to let it go on, since the real scapegoat is the general public.

To prevent further raise in fares and to eradicate the evil of squeeze, it is necessary to get down to the facts; it is necessary to introduce reforms and measures based on democratic and Christian principles; it is necessary for the company officials to open up their books showing the real expenditures and earnings, and let the public be the judge.

This practice of squeezing is contagious. The bus conductors are even worse in this respect. They learn the art when they are mere apprentices. The French tramway conductors claim that they don't follow this practice, but the moment their cars enter the Settlement they immediately practise the same. Like their confrères in the Settlement, they would say, "What do you care? we are squeezing foreigners' money." They seem little realize that the foreigners, in turn, can even up things by robbing the general public, which is 99 per cent Chinese.

F. X. T.

"WAR AND ORDER"

To the Editor:

There have been two wars in the world; one in Europe and the other in Asia. But both are of the same nature, that is, they are both wars by democracies against aggressors.

It is very funny that those aggressors, to excuse their breaking peace and order, propose they wish to establish a new order in the East and the West. We wonder why they do not use peaceful measures instead of wars of invasion against the territories of other nations. No doubt they have am-

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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bitions to wipe out those peaceloving nations and control them, but they can never establish a new order by creating trouble in the world.

A new order whether in the east or the west cannot be established by their ways of war and invasion—if that were so and every nation sought to establish its own new order, there would be new order wars every minute, every hour, every day; there would be no end to war. And then there would be no order at all.

On the other hand, the democracies, which maintained peace and order until they were broken by aggressors, now have the duty of restablishing peace and order by defeating the aggressors. The aggressors have made war, and the democracies must stop it. Where is there so base a man that he does not love liberty? The masses must rise up against the invaders and fight for democracy in the hope that the year 1941 will bring victory to law and order, defeat to war and disorder.

MU WEN-FU

Chungking, Jan. 1, 1940.

LAPSED

To the Editor:

I was wondering why my copy of **The China Weekly Review** failed to arrive, and it was only today that I realized my subscription had expired at the end of the year. Please renew at once.

L.

Soochow, Jan. 16, 1941.

BEST PAPER

To the Editor

I am a subscriber to **The China Weekly Review**, which is the best paper of all—but I find one copy missing, that of Dec. 28. Please send at once.

C. S. H.

Hongkong, Jan. 10, 1941.

NATIONAL CITY BANK OF NEW YORK

Rates of Exchange, Shanghai, January 22, 1941

Demand selling rate on New York:
U.S.$1.00—Sh.$18.60

Demand buying rate on New York:
U.S.$1.00—Sh.$18.18

Demand selling rate on London:
£1.0.0—Sh.$71.11

Demand buying rate on London:
£1.0.0—Sh.$69.18

AMERICAN STOCK AND COMMODITY QUOTATIONS

January 21, 1941

STOCKS

Amer. Locomotive	18¼
Amer. Waterworks	6⅜
Anaconda Copper	24⅞
Bethlehem Steel	53½
Chrysler	68½
Elec. Bond & Sh.	8⅞
Gen. Motors	44½
Goodyear T. & R.	18¾
Gt. Nthrn. Rly., pfd.	27⅜
Lockheed Aircraft	25⅝
Mont. Ward	37
N. Y. Central	13⅞
Texas Corp.	36⅝
U. S. Steel	63½

COMMODITIES

New York Cotton, Mar.	10.32/32
New York Rubber, Mar.	18.10B/11A
New York Hides, Mar.	12.78/78
Chicago Wheat, May	85½/85⅝
Chicago Corn, May	62⅜/62⅝
New York Sugar, No. 4, Mar.	0.76B/77A

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FIRST THIRD TERM PRESIDENT AFFIRMS FAITH IN DEMOCRACY

FRANKLIN Delano Roosevelt, first "third term" President of the United States, on January 20 took the oath of office and reaffirmed his faith in Democracy; a form of government which he urged all Americans to perpetuate "in the face of great perils never before encountered."

President Roosevelt's inaugural speech was brief, as Stephen Early, his personal secretary, had predicted it would be, but in simple terms the President reiterated the views he expressed in his address to Congress the previous week and supported those voiced by Secretary of State Hull, Colonel Frank Knox, Secretary of Navy, and Colonel Henry Stimson, Secretary of War, when they gave evidence before the House of Representatives Foreign Affairs Committee on the "Lease and Loan" Bill during the week. President Roosevelt said:

"The preservation of the spirit and faith of the nation does and will furnish the highest justification for every sacrifice we may make in the cause of national defence," President Roosevelt stated.

"If the spirit of America were killed, even though the nation's body and mind constricted in an alien world, lived on, America, we know, would have perished. That spirit, that faith, speaks to us in our daily lives in ways often unnoticed.

"It speaks to us from other nations of this hemisphere and from those across the sea—enslaved as well as free. Sometimes we fail to hear or heed these voices because to us the privilege of our freedom is such an old, old story."

Recalling President Washington's first inaugural address in 1789 when he spoke on the "preservation of the sacred fire of liberty and of the republican model of government," President Roosevelt said: "If we lose that sacred fire, if we let it be smothered with doubt or fear, then we shall reject the destiny which Washington strove so valiantly, so triumphantly to establish.

"On each inauguration day the American people have renewed their sense of dedication to the United States. In this day the task of the people is to save the nation and its institutions from disruption from without. To us there has come a time in the midst of swift happenings to pause for a moment and take stock—to recall what our place in history has been and to rediscover what we are and what we may be. If we do not, we risk the real peril of inaction.

The Life of a Nation

"The lives of nations are determined not by the count of years but by the life-time of the human spirit. The life of man is three score years and ten, a little more, a little less. The life of a nation is the fullness of the measure of its will to live.

"There are men who doubt this. There are men who believe that democracy as a form of government and frame of life is limited or measured by a kind of mystical, artificial fate—that for some unexplained reason tyranny and slavery have become the surging wave of the future—and that freedom is the ebbing tide. But we Americans know that is not true.

"Democracy is not dying. We know it because we have seen it revive—and grow. We know it cannot die because it is built out of the initiative of individual men and women joined together in a common enterprise—an enterprise undertaken and carried through by the free expression of the free majority.

"We know it because democracy, alone of all forms of government, enlists the full force of free will. We know it because democracy has constructed an unlimited civilization capable of infinite progress in improvement of human life.

"We know it because if we look below the surface we sense that it is still spreading on every continent—for it is the most humance, most advanced and in the end the most unconquerable of all forms of human siciety.

Frustrated Undertaker

Stoneman in The Chicago Daily News.

Something Deeper

"A nation like a person has a mind—a mind that must be informed and alert, that must know itself, that understands the hopes and needs of its neighbours. All other nations must live with the narrowing circle of the world and a nation like a person has something deeper, something more permanent, something larger than the sum of all its parts.

"We have that something which matters most to its future, which calls forth the most sacred guarding of its present. It is a thing for which we find it difficult, even impossible to hit upon a single simple word, and yet we all understand what it is. It is a product of centuries.

"Democratic aspiration is not a recent development in human history. It is human history. It permeates the ancient life of early people, it blazed anew in the middle ages, it was written in the Magna Charta. It has moved forward constantly, consistently toward the ideal which in itself has gained in stature and clarity with each generation."

Mr. Hull's Testimony

Mr. Cordell Hull, U.S. Secretary of State, Colonel Frank Knox, Navy Secretary, and Colonel Henry Stimson bitterly condemned the Axis powers when they gave testimony last week before the House of Representatives Foreign Affairs Committee in support of President Roosevelt's "Lease and Loan" Bill, designed to aid the democracies in their defense again aggression. The Secretary of State was the first witness to be called before the Committee. He said:

"We are here to consider a bill designed to promote the defense of the United States. I shall not discuss the technical details of the proposed measure since that will be done by other departments of the Government more directly concerned with these matters. I shall place before you briefly the controlling facts relating to the manner in which the dangers that now confront this hemisphere and therefore this nation have arisen, and the circumstances which render imperative all possible speed in our preparation for meeting these dangers.

"During the past eight years our Government has striven, by every peaceful means at its disposal, to secure the establishment in the world of conditions under which there would be a reasonable hope for enduring peace. We have proceeded in the firm belief that only if such conditions come to exist will there be a certainty that our country will be fully secure and safely at peace. The establishment of such conditions calls for acceptance and application by all nations of certain basic principles of peaceful and friendly international conduct and relations.

"Accordingly in the conduct of our foreign relations this Government has directed its efforts to the following objectives:

(1) peace and security for the United States with assurance of peace and limitation and reduction of armaments as universal international objectives;

(2) for law, order, justice and morality and the principle of freedom;

(3) restoration and cultivation of sound economic agreements and relations, based on equality of treatment;

(4) development in the promotion of these objectives of the fullest practicable measure of international cooperation;

(5) promotion of the security, solidarity and general welfare of the western hemisphere.

"Observance and advocacy of the basic principles underlying these policies and efforts toward their acceptance and application became increasingly important as three nations, one after another, made abundantly clear by word and by deed their determination to repudiate and destroy the foundations of a civilized world order under law and to enter upon the road of armed conquest, subjugation of other nations and of tyrannical rule over their victims.

"The first step in this fatal direction occurred in the Far East in 1931 with forceful occupation of Manchuria in contravention of the provisions of the 9 power treaty and of the Kellogg-Briand Pact. The equilibrium in the Far East which had been established by the Washington Conference treaties of 1921-1922 became seriously disturbed by the setting up by forceful means in a part of China of a regime under Japanese control under the name of 'Manchukuo'.

"In July 1937 the armed forces of Japan embarked upon large scale military operations against China. Invading forces of more than a million men occupied large areas along the seaboard and in the central provinces. In these areas there were set up puppet regimes which instituted systems of controls and monopolies discriminatory in favor of the interests of the invading country.

"It has been clear throughout that Japan has been actuated from the start by broad and ambitious plans for establishing herself on a dominating position in the entire region of the western Pacific. Her leaders have openly declared their determination to achieve and maintain that position by force of arms and thus to make themselves masters of an area containing almost one half of the entire population of the world. As a consequence they would have arbitrary control of the sea and trade routes in that region.

"Previous experience and current developments indicate that the proposed 'new order' in the Pacific area means political domination by one country. It means, economically, employment of the resources of the area concerned for the benefit of that country and to the ultimate impoverishment of other parts of the area and exclusion of the interests of other countries. It means, socially, the destruction of personal liberties and the reduction of the conquered people to the role of inferiors.

"Where Are My Loyal Subjects?"

Soviet Cartoon, Moscow Paper (Reproduced from Amerasia).

Wang Ching-wei: "At last I have formed my Cabinet and have been recognized by Japan, but where shall I find loyal subjects for my Government?"

"It should be manifest to every person that such a program for the subjugation and ruthless exploitation by one country of nearly one-half of the population of the world is a matter of immense significance, importance and concern to every other nation wherever located.

"Notwithstanding the course which Japan has followed during recent years, this Government has made repeated efforts to persuade the Japanese Government that her best interests lie in the development of friendly relations with the United States and with other countries which believe in orderly and peaceful processes among nations. We have at no time made any threats.

Aggression in Europe

"In Europe the first open breach of world order was made by Italy, when in 1935 that country invaded and conquered Ethiopia in direct contradiction of solemnly accepted obligations under the covenant of the League of Nations and of the Kellogg-Briand Pact. In 1939 Italy seized Albania in violation of unequivocal treaty obligations. In the summer of 1940 she entered the European war on the side of Germany with the openly avowed purpose of participating with that country in a remodeling of the world on the basis of a 'new order' founded upon unlimited and unrestricted use of armed force. Finally, without provocation, she has attacked Greece.

"Throughout this period the Government of the United States made known to the Government of Italy its anxious concern over the growing deterioration of peaceful international relationships. Both on the occasion of the Italo-Ethiopian controversy and during the period preceding Italy's entry into the European war this Government addressed numerous communications to the Government of Italy in an effort to prevent new breaches of world order.

"Germany, from the time that Hitler and his associates came to power in 1933, began feverishly to construct vast armaments, while following a program of repeatedly made and repeatedly broken promises as a part of a skillful diplomatic game designed to lull the suspicions of other countries. After employing for several months at the Disarmament Conference in Geneva tactics which have since become a distinct pattern of German policy —further demands as previous demands are met— Germany in October 1933 rendered impossible any effective international agreement for limitation of armaments by withdrawing from the Disarmament Conference. There then followed nearly six years during which Germany having determined upon a policy of unlimited conquest, moved inevitably toward the catastrophe of war.

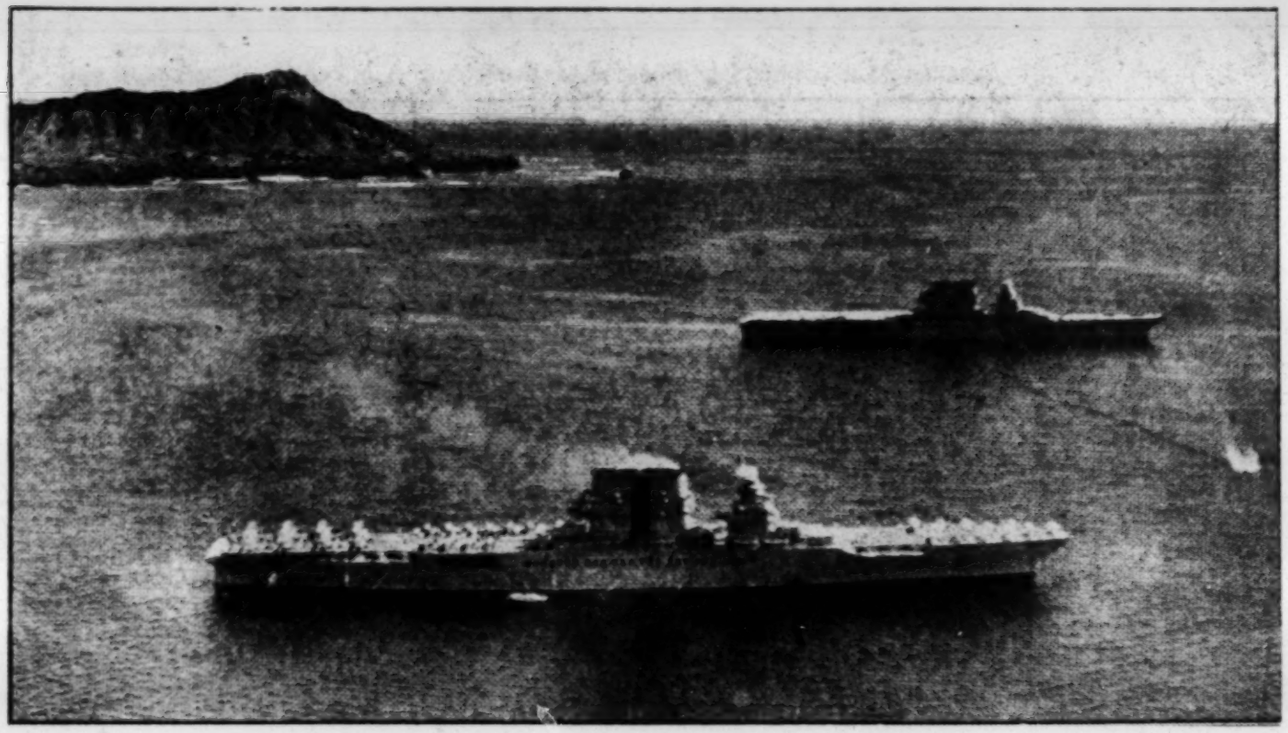
"Germany's work of preparation followed two main lines. The first consisted in the creation of armed force. To this end her entire national economy was transformed into a highly regulated and highly disciplined war economy. Every phase of national activity became harnessed to the requirements of preparation for war. More than half of the national income was expended for military purposes. Foreign trade and foreign payments became rigidly controlled for the same purpose. The production of planes and tanks and guns and all the other countless accessories of a modern war machine became the immediate objective of the whole national effort.

Nazi Violations Recalled

"The second line consisted of a series of steps directed toward improving the strategic position of Germany. The first of these was the occupation and fortification of the Rhineland in 1936 in direct violation of the Locarno Treaty voluntarily entered into by Germany ten years earlier. Then followed, in rapid succession, the absorption of Austria, in direct violation of pledges given by Hitler to respect the sovereignty and independence of that country; the dismemberment and final seizure of Czechoslovakia, in spite of Hitler's assurance after the seizure of Austria that Germany desired no additional territory in Europe and in violation of a solemn pledge to respect the independence of that country, officially given in October 1938; the annexation of Memel; and finally on September 1, 1939 a brutal attack upon, and the devastation and partitioning of, Poland.

"The period of the war had witnessed the invasion and occupation of Denmark, Norway, Holland, Belgium and Luxembourg, in violation of the scrupulously observed neutrality of these countries and in contradiction, in the cases of some of these countries, of assurances expressly given by Germany of her intention to respect their independence and sovereignty; the invasion and partial occupation of France; the splitting up of Rumania and the German occupation of the remaining portion of that country.

"These seizures have been accomplished through a combined use of armed forces supplied from without and of an almost unbelievable amount of subversive activity from within. Each of the invaded and occupied countries has been subjected



Newsweek Photo.

U. S. Aircraft Carriers Saratoga and Lexington anchored off Honolulu.

to a reign of terror and despotism. By word and by deed the invaders have made unmistakeably clear their determination to impose permanently upon these unfortunate countries a rule of tyranny frequently reminiscent of the worst pages of ancient history.

"So long as there seemed to remain even a faint hope of inducing the leaders of Germany to desist from the course which they were following the Government of the United States neglected no opportunity to make its voice heard in restraint. It tried further, and repeatedly offered its assistance in economical readjustments which might promote solution of the existing difficulties by peaceful means. All hope disappeared when the Nazi legions struck at Poland and plunged Europe into a new war.

"Since then it has become increasingly apparent that man is today face to face, not with regional wars of isolated conflict, but with an organized, ruthless and implacable movement of steadily expanding conquest. We are in the presence of forces which are not restrained by orders of law or principles of morality; which have fixed no limits for their program of conquest; which have spread over large areas of land and are desperately striving now to seize control of the oceans as an essential means of achieving and maintaining their conquest of the other continents.

"Control of the high seas by law abiding nations is the way to the security of the western hemisphere in the present day world situation. Should that control be gained by the partners of the Tripartite Pact the danger to our country, great as it is today, would be multiplied many fold.

"It is frequently said that there can be no danger of an invasion of the new world. It is said as Germany has not been able to cross the British Channel, how can she cross the Atlantic?

Britain Controls Channel

"German forces would cross the Channel in an hour's time were it not for the fact that Britain, now thoroughly prepared and well armed, is fighting every hour of the day to prevent that crossing and is fortified with every known device to repel a landing. The twenty miles of water between continental Europe and Britain are under British, not German, control. Were Britain defeated and were she to lose command of the seas, Germany could easily cross the Atlantic—especially the south Atlantic—unless we were ready and able to do what Britain is doing now. Were the Atlantic to fall into German control, the Atlantic would offer little or no assurance of security.

"Under these conditions our national security would require the continuous devotion of a great part of all our work and wealth for defense production, prolonged universal military service, extremely burdensome taxation, unending vigilance against enemies within our border and complete involvement in power diplomacy. These would be the necessities of a condition as exposed as ours would be.

"Great Britain is today a veritable fortress. So will this country be when our preparations for armed defense are completed. Most likely, however, it will not be by direct and frontal attack that the would-be invaders will undertake the conquest of this country. If they ever have a chance to embark upon such an enterprise, it is rather to be anticipated that their efforts would first be directed against other portions of this hemisphere, more vulnerable than this country, and then against us.

"Subversive forces are hard at work in many American countries, seeking to create international dissension and disunion as a now familiar prelude to armed invasion. Today these forces are held in check and are being steadily eradicated. But the entire situation would change if control of the high seas were to pass into the hands of the would-be attackers. Under such conditions the difficulties of continental defense would demand from us vastly greater efforts than we are now called upon to exert.

"The most serious question today for this country is whether the control of the high seas shall pass into the hands of powers bent on a program of unlimited conquest. It is in this light, above all, that we should order our present day thinking and action with respect to the amount of material assistance which our country is prepared to furnish Great Britain.

"On no other question of public policy are the people of this country nearly so unanimous and so emphatic today as they are on that of imperative need, in our own most vital interests, to give Great Britain and other victims of attack the maximum material aid in the shortest possible space of time. This is so because it is now altogether clear that such assistance to those who resist attack is a vital part of our national self-defense. In the case of the forces of conquest now on the march across the earth, self-defense is and must be the compelling consideration in the determination of wise and prudent national policy.

"For us to withhold aid to victims of attack would not result in a restoration of peace. It would merely tend to perpetuate the enslavement of nations already invaded and subjugated and provide an opportunity for the would be conquerors to gather strength for an attack against us.

"The protagonists of the forces against which we are today forging the instrumentalities of self-defense have repudiated in every essential respect the long accepted principles of peaceful and orderly international relations. They have disregarded every right of neutral nations, even of those to which they themselves had given solemn pledges of inviolability. Their constant employment of weapons for the government of their unfortunate victims are unreasonable terrorization, firing squads, deceit, forced labor, confiscation of property, concentration camps and deprivations of every sort.

Japanese Cartoonists Lambast Roosevelt And Churchill

Three cartoons from the Japanese paper, Tairiku Shimpo (Shanghai) which ridicule President Roosevelt and Prime Minister Churchill. The cartoon on the left shows Roosevelt fleeing from the "New World Order," depicted by a dark cloud. F. D. R. is leading the badly crippled Chiang Kai-shek and carrying on his shoulder "British Interests in the Far East." The cartoon in the center depicts the war between Thailand (Siam) and Indo-China, which is being directed by the dark figure representing Great Britain. The cartoon on the right shows Churchill dragging Roosevelt into the stormy sea of war. The rope is labeled "Financial Assistance to Britain," while the figure behind President Roosevelt is marked, "Disregard of the Neutrality Law."

"The most scrupulous observance by peaceful countries of legal concepts provides today no security whatever. Many nations which trusted to the integrity of their intentions and the care with which they observed their legal obligations have been destroyed.

"We Must Not Be Diverted"

"I am certain that the day will come again when no nation will have the opportunity and the cynicism to demand that, while it itself scoffs at and disregards every principle of law and order, its intended victims must adhere rigidly to all such principles—until the very moment when its armed forces have crossed their frontier. But so long as such nations exist we cannot and must not be diverted—either by their threats or by their hypocritical protests—from our firm determination to create means and conditions of self-defense wherever and in whatever form we find essential to our own security. The present bill sets up machinery which enables us to make the most effective use of our resources for our own needs and for the needs of those whom, in our own self-defense, we are determined thus to aid. The great problem of democracy is to organize and to use its strength with sufficient speed and completeness. The proposed legislation is an essential measure for this purpose. This bill will make it possible for us to allocate our resources in ways best calculated to provide for the security of this nation and of this continent in the complex and many-sided conditions of danger with which we are likely to be confronted.

"Above all it will enable us to do all these things in the speediest possible manner. And, over everything, speed is our greatest need today."

After making his statement, the Secretary was asked about the extent and manner in which the proposed bill would affect existing law, domestic and international. The Secretary answered as follows:

"Having in mind the proposal of Section 3 (a) it follows that:

"1. The Johnson Act: This Act would not appear to be involved for the reason that it does not apply to this Government, or to a public corporation created by or in pursuance of special authorization of Congress, or to a corporation in which the Government has or exercises a controlling interest, as for example the Export-Import Bank.

Neutrality Act Provisions

"2. The Neutrality Act of 1939: Section 7 of this Act, which prohibited the extension of loans or credits to a belligerent government, is not by its terms made applicable to this Government but it does apply to a corporation such as the Export-Import Bank. In any event the provision would be superseded by the new act in so far as transactions by this Government are concerned.

"3. United States Code, Title 18: Section 23 makes it unlawful to fit out or arm in the United States a vessel with intent that it shall be employed in the service of a foreign belligerent against a power or people with which the United States are at peace. Section 24 makes it unlawful to increase or augment in our ports the force of a ship of war or other armed vessel belonging to a belligerent power. Section 33 makes it unlawful during a war in which the United States is neutral to send out of our jurisdiction any vessel built, armed or equipped as a vessel of war delivery to a belligerent nation.

"These provisions would be superseded by the new act.

"4. The Hague Convention of 1907: Hague Convention 13 of 1907 states in Article 6 that 'the supply in any manner, directly or indirectly, by a neutral power to a belligerent power of warships, ammunition or war materials of any kind whatever is forbidden'. Article 17 states that in neutral ports belligerent warships 'may only carry out such repairs as are absolutely necessary to render them seaworthy and may not add in any manner whatsoever to their fighting force'. Article 18 states that belligerent warships may not make use of neutral ports for 'replenishing or increasing their supply of war material or their armament'. The Convention is not applicable to the present European war for the reason that it provides in Article 28 that it shall not apply unless 'all the belligerents are parties to the Convention'. Great Britain and Italy are not parties to the Convention.

"It may be urged that the provisions of the United States Code and the quoted provisional of the Hague Convention are declaratory of international law on the subjects mentioned and that to do the things contemplated by the proposed act would render us unneutral. This would be largely true under ordinary circumstances but we are not here dealing with an ordinary war situation. Rather we are confronted with a situation that is extraordinary in character.

Belligerent Responsibility

"The rules relating to the rights and duties of neutrals and those relating to the rights and duties of belligerents complement each other, that is to say belligerents are forbidden to do certain things which infringe the rights of neutrals and neutrals are forbidden to do certain things which prejudice the rights of belligerents.

"For example the Hague Convention just referred to states in Article 1 that belligerents are bound to respect 'the sovereign rights of neutral powers and to abstain, in neutral territories or neutral waters, from any act which would, if knowingly permitted by any power constitute a violation of neutrality.' Belligerents are forbidden to use neutral ports and waters as a base of naval warships and submarines against their adversaries. (Article 5.)

"Germany and Italy have paid no attention to such provisions which are representative of international law on the subject, but have at will and without notice occupied by force the territory of neutral countries and, having subjugated those countries, are using their resources against their adversaries. One of these countries, namely Belgium, had a formal treaty signed May 31, 1939 with Germany by which it was agreed that in no case would force be resorted to; another, namely Norway, had a formal assurance on September 4, 1939 from the German Government that under no circumstances would Germany interfere with Norway's inviolability and integrity. Neither the agreement nor the law of neutrality served as any protection to these and other countries when it suited the convenience of the belligerents to occupy their territories. Nothing but force has prevented these belligerents from carrying out their preconceived determination to conquer and subjugate other peoples' countries by invasion. Their purpose of world-wide conquest has been boldly proclaimed.

"They readily admit that their philosophy is inconsistent with and directly opposed to that of the democracies and insist that the system is outmoded and must give away to their own demands regarding the conduct of international relations. Having in mind what has taken place, and is taking place under our very eyes, it is idle for us to rely on the rules of neutrality or to feel that they afford us the slightest degree of security or protection. Nothing but a realistic view of current developments can be regarded as a sane view. Aside from the question of neutrality, which as I have stated has proved to be illusionary when it has stood in the way of these ambitious aggressors, it is a recognized state's right to defend itself against menaces from without as well as from within. This is the essence of sovereignty. It is definitely recognized by all the signers of the Kellogg-Briand Pact.

"We may be told that the invading warlords have no designs on this hemisphere, but the countries which are now occupied by their military forces had signed assurances. Such assurances are mere words. We cannot, as prudent people, afford to rely upon such assurances and delay implementing our defense until we ascertain what in practice these aggressors have in mind.

"Some of the conquered countries, and others unconquered, have possessions near this continent. Are we to suppose that if circumstances should permit, these possessions would not be occupied by the conquering nations and that they would not be used as bases to complete their conquest for world domination? Our best interest is not, it seems to me, in taking too much for granted. We are amply warranted, as a measure of self-defense and in the protection of our security, to allow supplies to go to the countries who are directly defending themselves and incidentally defending us against the onrush of this unholy determination to conquer and dominate by force of arms. We are merely trying to protect ourselves against a situation which is not of our making and for the prevention of which we exerted our every energy," he concluded.

House Foreign Affairs Committee Warned by Knox and Stimson Britain Facing War Crisis in "60 to 90" Days

Warning that Britain was facing a crisis in her struggle against Axis aggression in Europe in "between 60 and 90" days time was voiced by Colonel Frank Knox, U.S. Navy Secretary, and Colonel Henry Stimson, Secretary of War, on January 17, when testimony was continued before the House of Representatives Foreign Affairs Committee on the "Lease and Loan Bill.

In different terms but with identical views, Col. Knox and Col. Stimson stressed the gravity of the situation and the imperative need for sweeping powers to be given President Roosevelt to meet crises as they arose.

Giving testimony on January 16, Colonel Stimson also demanded that the transfer of warships to Britain should be unconditional. He would object to any part of the Bill being struck out so as to prevent the transfer of any part of the United States Navy.

Speaking before the Committee on January 17, states a **United Press** message, Colonel Knox declared that the British crisis might come as a result of an intensified combined submarine and air attack or by actual invasion. He said the Committee's judgment was as good as his regarding the danger of invasion, or time and identify of the crisis.

Knox Presents Figures

Colonel Frank Knox presented figures to the Committee showing United States' naval strength fell far short of possible combinations of Axis navies.

Colonel Knox presented one table showing the total combatant tonnage built by the U.S. was 1,250,000, compared to the combined German and Italian Navies' total of 850,000 tons.

He presented another table, however, which showed that the U.S. tonnage fell far short of the combined German-Italian-Japanese total tonnage of 1,835,000 or of the combined German-Italian-Japanese-French tonnage, which totalled 2,145,000.

The Secretary of the Navy told the Committee the U.S. Navy unquestionably was the strongest in the world, but if Germany won and conquered Britain, "she immediately would have available shipbuilding facilities seven times greater than ours."

Air Mastery Needed

Mr. John M. Vorys, Republican Representative of Ohio, asked Col. Knox whether the Axis could be defeated militarily without landing large forces on the continent.

"Yes, I think probably the way they will be defeated will not be that way (by landing large forces)," Col. Knox replied.

"If the British, with our help, can gain the mastery of the air, and Germany's cities will begin to be bombarded, I want to say that I do not think the Germans will take it as the British have taken it.

"This war is not going to end with a victorious army marching into Berlin. I think that it is going to end the other way—by collapse behind the front.

"They are surrounded by conquered peoples and a great amount of resistance."

Col. Knox said that if British sea power disappeared, Germany would be apt to turn its attention to seizure of South American natural resources.

"If Germany becomes free to move across the ocean for conquest of new territories, she most probably will move first into South America to get hold of that great storehouse of national wealth," Col. Knox declared.

Should Stop Germany Now

"If the U.S. does not wish to face the consequences of the establishment in South America of an aggressive military power, we should prevent now Germany from overturning the British sea power, which holds the Nazis in Europe.

"The struggle now going on fundamentally is an attempt by Germany to seize control of the sea from Britain. That is why the war has so vital an interest to the U.S. Our nation has evolved without particular hindrance from Britain's control of a large part of the sea, but I believe it would be different were control to pass to Germany.

Japan's Aggression

"During the early period of our national existence there was no danger in the Pacific and our merchants were as free as anyone else to trade with Asia. No aggressive military dictatorship in the Far East then disturbed the peace of other nations.

"There was no threat then because the balance of power in Europe permitted no aggression against us. We did not need a great Navy nor large Army.... Circumstances that rendered a strong Navy essential to our safety were the construction of a German Navy to back aggression towards distant lands and Japan's expansion into peaceful lands beyond her borders.

"All doubtless remember that the world gave Japan her chance at expansion throughout the islands of the Pacific and remember this was the occasion of her 21 demands on China. We were able to check Japan's further aggressions by moving the entire Fleet to the Pacific when the conclusion of the World War eliminated the German Fleet from the Atlantic.

"Since that time we have maintained a one-ocean Navy in the Pacific and that Navy has proved adequate in both directions only because the existence of the British Navy gave us safety in the Atlantic.

"Navy in Grave Danger"

"We still have a one-ocean Navy. We are building a two-ocean Navy, but it will not be completed for six years. We need to complete that structure as fast as we can because the other part of our present two ocean Navy is now in grave danger. "The British Navy can survive only if the British Isles survive. Should the British Isles fall, we can only believe that the British Navy, which never runs from danger, will fall at the same time....Last year, Congress was solemnly warned by the Chief of Naval Operations of the grave threat to the freedom of the **United States** and its sister American Republics which would exist were Britain to suffer defeat.

"Naval forces now in possession of Axis powers and those under construction would greatly outnumber our own. Our Fleet necessarily would be divided to meet the danger in both oceans. Whether it would be strong enough to protect even the regions nearest to us is a matter that cannot be foretold.

"With the Navy retained at home we could not do much to prevent Japan from extending its sway over all of eastern Asia, nor could we prevent the establishment of strong military base areas in southern Europe or Africa to threaten our neighbours to the south."

Would Discourage Japan

During the testimony, Mr. Foster Stearns, Republican Representative of New Hampshire, read Col. Knox a Tokyo despatch on the bitter Japanese reaction

Sino—Japanese War Also Includes a "Battle of Cartoons"

Cartoon on the left, from the Japanese Tairiku Shimpo (Shanghai), depicts Roosevelt handing China a small loan in exchange for a large share of China's natural resources. The cartoon in the center from a Chungking paper warns Chinese soldiers against acceptance of the poison Japanese apple, which is labeled, "Peace." The cartoon on the right depicts Thailand (Siam) and Iran (Persia) supported by Japan, treading on the "grasping arm" of Great Britain. The three Chinese characters stand for ASIA. This cartoon also is from the Tairiku Shimpo.

to the presence of the U.S. Fleet in the Pacific.

"If that is Japan's spirit, what would be the effect of the passage of this bill on Japan?"

"I think it would discourage that spirit," Col. Knox replied, "which definitely is the spirit of a minority, a military clique which is not in sympathy with the sentiment of the Japanese people."

Col. Knox told the Committee he believed enactment of the bill was "very probably" necessary to prevent a British defeat.

The Secretary told Mr. John M. Vorys, Republican Representative of Ohio, that ever since Japan had received the Pacific mandate from the League of Nations she had treated the islands as "private property" and said the Japanese had "fortified" the Carolines and Marshalls.

"It was very unfortunate" that the U.S. allowed Japan to take over the islands originally, he declared.

Stimson's Testimony

Colonel Henry L. Stimson, war Secretary, declared on January 16 that he would object to any clause being inserted in the "Lease and Loan" Bill to prevent the transfer of any part of the United States Navy. He gave as the reason for his objection that he could foresee conditions under which the navy could be transferred on advantageous terms.

In the course of his evidence, states Reuter's Washington Correspondent, Colonel Stimson said that the essence of the President's plan was that the United States should become virtually the sole purchasing and distributing agency for war materials produced in the United States.

There would thus be constituted one great funnel through which all such material would flow.

"We shall then be in a position to apportion these munitions among ourselves and other democracies whose defence is important to us."

In his second day of testimony on January 17, says United Press, Colonel Stimson declared he opposed prohibiting despatch of the United States Navy into war zones.

"None can foresee what situation might arise in which it would be most essential—in light of our own defense—to send warships to war zones," Col. Stimson said during interrogation.

"Surest Way to War"

"I do not believe this country in any circumstances should tie its right hand behind its back."

"Even to keep out of war?" Mr. George H. Tinkham, Republican Representative of Massachusetts, asked. Mr. Tinkham is an outspoken critic of the bill.

"I think it would be one of the surest ways to get us into war or to leave us open to attack in most disadvantageous circumstances," Col. Stimson replied. "....I am in favor of U.S. remaining in complete readiness in all circumstances."

The Secretary of War also opposed the committeeman's suggestion that U.S. warships be forbidden for convoy duty and said "I prefer the bill as it is.... All these things are in the nature of shackles which would hinder the nation in a great emergency."

"Nonsensical Assumption"

Col. Stimson, after 50 minutes of answering Mr. Tinkham, next was questioned by Mrs. Edith Nourse Rogers, Republican Representative of Massachusetts, who asked whether the bill would empower President Roosevelt to send the Navy, merchantships or tanks abroad.

"Conceivably the power might exist," the Secretary said, "but the assumption the President ever would use it to sell the Navy is nonsensical."

Mrs. Rogers asked if the bill would embark the U.S. on a policy of "policing the world."

"Quite on the contrary," the Secretary answered. "I have no more desire for the U.S. to go into this war than you have. I think it would tend towards greater safety for this country."

The Secretary said he was decidedly dissatisfied with the progress of the defense program.

Mr. John M. Vorys, Republican Representative of Ohio, asked, "Should we have a definite formal binding agreement regarding the disposition of the British Fleet before we embark on this program?"

British Assurances

"That question was considered very carefully last summer," Col Stimson answered. "We asked for and were given the strongest assurance one Democracy can give another." He referred to British assurance that the Fleet would not surrender and might in extreme circumstances be based on the American continent.

"However, nothing can be imprevious to war. That is why I feel it is imporant to prevent Great Britain from being brought to the breaking point where it might violate all law."

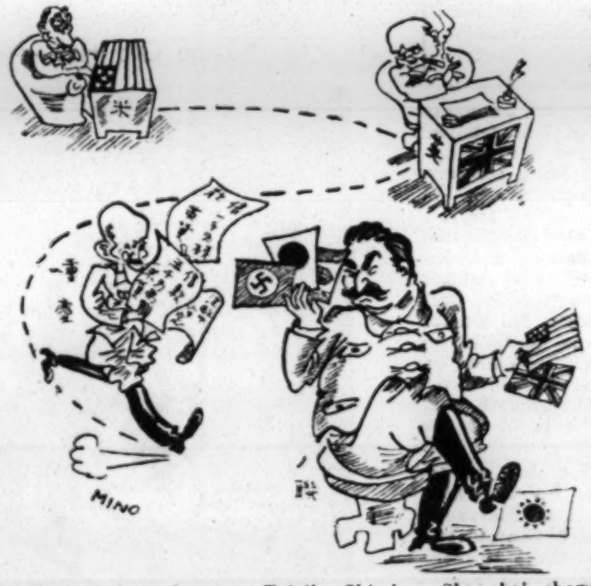
Col. Stimson described as "fantastic and preposterous" reports that the U.S. might purchase the Royal Navy if Britain fall.

The Secretary of War replied to a series of questions by Mr. Tinkham designed to clarify whether under terms of the bill Mr. Roosevelt could use "all the resources" of the U.S. to aid Greece, China or Russia.

Col. Stimson objected to use of the phrase "all the resources" and said, "History shows no President who rushed this country into war and many who held the country back."

"I think we may safely rest the responsibility with the President of the United States."

"The Search For Funds"



Cartoon from Japanese Tairiku Shimbun, Shanghai, shows Chungking—in the person of Gen. Chiang Kai-shek—running from Uncle Sam to John Bull and then to Stalin for money. The text said Uncle Sam had given Gen. Chiang an "uncashable" check.

Mussolini Picks The Wrong "Jumping-Off Point"

Current History and Forum

Matsuoko Reverses Policy of Threats in Astonishing Crisis Speech to Diet; Vital Issues Almost Ignored

SOVIET-JAPANESE FISHERY TREATY SIGNED AT MOSCOW

A Soviet-Japanese provisional fishery agreement was signed at one o'clock on January 21 with the rouble-yen exchange rate unchanged, but with the rent of concessions increased 20 per cent.

It was further agreed, said *Domei*, that a special mixed commission will be organized within the shortest possible time to discuss questions pertaining to the conclusion of a permanent fishery treaty.

Fiery-tongued, impetuous Yosuke Matsuoko, Japanese Foreign Minister, who but a few weeks ago was rebuked in public by United States Ambassador Grew for the impertinence of his utterances on American State matters, threw his policy of threats into astonishing reverse on Tuesday, January 21, when he appeared before Tokyo's "new structure" one-party Diet to give what was expected would be an historic statement on Japanese Foreign Policy. Only in complete lack of purpose and almost total lack of reference to vital issues which face the Diet was Foreign Minister's annual review historic. No bluster was there heard from Yosuke Matsuoko as he spoke on the United States policy in the Far East. He called on the United States to "reflect deeply on her attitude with truly God-fearing piety" to "courageously liquidate past circumstances and bend her utmost efforts to allay the impending crisis on civilization."

America's attitude that the first line of defense in the west extends "even as far as China and the South Seas," Foreign Minister Matsuoko limply criticized as a "very one-sided contention" that would not be calculated to contribute towards the promotion of world peace. He would regret extremely such an attitude on the part of the United States for the sake of American-Japanese friendship, for the sake of peace in the Pacific, for the sake of peace in general.

Japan's outstanding contribution towards "peace in general," Matsuoko sublimely declared, was the formation of the Axis Pact, of which he said:

"The Three-Power Pact stipulates that Germany and Italy recognize and respect the leadership of Japan in establishment of a 'new order' in Greater Asia. It is our avowed purpose to bring all the peoples in Greater East Asia to revert to their innate and proper aspect promoting conciliation and cooperation among them and thereby setting an example of unviersal concord. The Pact also provides that Japan recognize and respect the leadership of Germany and Italy in their similar endeavors in Europe.

"Far from antagonizing any country, the Pact is the embodiment of peaceful but powerful cooperation directed toward the establishment of new world order..."

Matsuoko Was Discreet

Foreign Minister Matsuoko, who on numerous notable occasions has distinguished himself by his ability to let his tongue run away with his sense of discretion, was an outstanding example throughout his speech of the political art of leaving many things best unsaid. Continuing his references to the Three-Power Pact, he declared: "In this connection I should like to touch briefly on Article 3 of the Pact. That Article provides that the contracting parties undertake to assist one another with all political economic and military means if one of the contracting parties is attacked by a power not at present involved in the European War or in the Sino-Japanese conflict. In case such an attack should be made, the obligation stipulated by this Article would, of course, arise."

Matsuoko said "arise," not "be fulfilled."

In Japan's individual dealings with her Axis partners, the Foreign Minister revealed that where odds had to be taken, they were kept short. Apparently deliberately and widely separated in the address were two interesting statements:

"Reference may be made to Italy's military operations. There appear to be various species of malicious propaganda circulated on this subject, *but have no doubt* that our ally Italy will attain her object before long....."

"In view of such a development (the formation of the Yen bloc after the signing of the Nanking 'treaty') it has been found desirable to consolidate the economic relations between Japan, Manchukuo and China on the one side, and Germany on the other. Negotiations are now under way."

"Same Old Hat—New Rabbit"

Providence Evening Bulletin.

Italy was not mentioned as being a partner in any trade negotations.

Manchukuo, Not Wang

The Foreign Minister made it fairly obvious that the real aim of the Nanking "treaty" was not recognition of Wang Ching-wei, but Wang Ching-wei's recognition of Manchukuo, the continued isolation of which has long rankled in the hearts of the Japanese army leaders. He declared: "By the Sino-Japanese basic treaty concluded with the 'National Government' at Nanking, and through joint declaration made by Japan, Manchukuo and China, *the Republic of China recognized Manchukuo with the result that an exchange of ambassadors has been arranged between them.*"

In spite of "misplaced hopes" of assistance from Great Britain and the United States, especially the latter, Chungking "is in a miserable plight, ...but is still advocating resistance," Matsuoko asserted regarding the China Incident. Totally ignoring facts, the Japanese Foreign Minister declared that the Chiang "regime is riddled with internal disruption and friction which are growing rapidly acute....While armed resistance notably has declined, Chinese Communist troops have gained

TOBRUK CAPTURED; GREEKS ATTACKED

Besieged three weeks, since the fall of Bardia, Italy's triple-ring of forts around Tobruk, Libya, cracked Wednesday as the British Imperial Forces once again battered down all resistance with the *blitzkrieg* methods which reduced Bardia. One Italian General was captured even before the port was entered; in the harbor an Italian cruiser was blazing fiercely. Petrol dumps, munitions and supplies were also going up in flames, either as a result of the Italian "scorched earth" policy, or the accuracy of British naval guns, land artillery and aerial bombers.

Twenty-four hours after Hitler and Mussolini had met "somewhere in Europe," the Italian forces in Albania on Wednesday launched a desperate offensive on all fronts. Observers believed Herr Hitler had made certain demands on Mussolini regarding the Albanian campaign, the lack of success in which had been the source of much embarrassment to the Axis.

While the Italian forces were driving at the sturdy Greek troops, a state of anarchy was being created in Rumania, where, according to latest despatches from many Baltic capitals, street fighting broke out between the Rumanian army and the Iron Guards on Tuesday evening and continued throughout Wednesday. It was reported that Hitler was using the murder of a German officer as an excuse for new, far-reaching demands on Rumania, and that these demands had been rejected.

Sofia issued on Wednesday its 14th denial that German troops were marching into Bulgaria.

greatly in influence with the result that they are steadily enroaching upon the sphere of influence of the Chungking armies."

The Foreign Minister might have, but did not remind the Diet that by the terms of the Government's anti-Communist pacts and policies, even if the Chinese Communists ever did assume control of the Government of China, Japan would still have a full-dress war on her hands. Nor did he inform the Diet that in the face of a common enemy, the Japanese army, navy and air force, both the Chinese Government and the Chinese Communist party had agreed to shelve their differences, and that Chou En-li, leader of the Chinese Communists, was still in Chungking for the purpose of restoring unity.

Mr. Matsuoka recalled Japan's negotiations with the Netherlands East Indies early in September last year. Mr. Ichizo Koboyashi, Minister of Commerce and Industry, he explained, was sent to the N.E.I. as a special envoy but "was obliged to return to Japan by circumstances preventing his prolonged stay abroad when a definite stage had been reached in his negotiations with the N.E.I. authorities concerning purchases of oil and other urgent questions." (This was the famous "salt expedition." Not until November, and then only after negotiations with American and British concerns were the Japanese able to secure but a bare portion of the oil Koboyashi confidently told them he would secure from war orphaned Batavia). "The Government recently sent to the Netherlands East Indies Mr. Kenkichi Yoshizawa, formerly Minister of Foreign Affairs.....he has already reumed negotations with the authorities." (Yoshizawa's report on the negotiations was handed in to the Government early this week. According to an agency report, it was believed to make no reference to oil).

France Had "Realized"

On French Indo-China the Foreign Minister had little to report: A change had occurred in the relations between Japan and Indo-China resulting in the closure of the border between French Indo-China and China, and the entry, "by agreement," of Japanese armed forces into French Indo-China. Negotiations were progressing in Tokyo, amicably. It was his opinion that the realization by France of the necessity for cooperation with Japan in view of the new situation in the world in general and in East Asia in particular, was responsible for this development.

Matsuoko, whose Government-inspired press recently accused Britain and the United States of encouraging Thailand to war with French Indo-China, recalled that at the general assembly of the League of Nations dealing with the invasion of Manchuria in 1933, the Thai delegate abstained from voting...."This is still fresh in the memory of our people." A Treaty of Amity and Neutrality with Thailand in June last year drew closer still the bonds of friendship between the two countries. Japan could not be indifferent to Thailand's claims for the recovery of lost territories from Indo-China.

The Diet was treated to a statement of the obvious regarding Russo-Japanese relations. It was not desirable, said Matsuoka, that these should be left as they were at present. The utmost efforts were being made to remove misunderstanding (mutual) on such questions as frontier demarcation, fisheries and the North Saghalien concessions.

"Both Germany and Italy share Japan's desire," Matsuoka continued. "The provisions of Article 5 of the Three-Power Pact also makes it clear that in accordance with Japan's desires, the Pact is not directed against the Soviet Union. We earnestly hope that the Soviet Union will understand Japan's true intentions and that the two countries will readjust their relations."

Matsuoka Admits Japanese Foreign Trade Hard Hit By U.S. Embargo

Japan's foreign trade had suffered a setback as the result of embargoes introduced by the United States recently, Matsuoka told the Diet.

"Japan's foreign trade, with the exception of that with Manchukuo and China, is conducted mostly with Great Britain and the United States and their respective colonies and possessions, he stated. Since notifying Japan of the abrogation of the Treaty of Commerce and Navigation in July 1939, the United States has been enforcing in succession embargoes or restrictions on the exports to Japan of aircraft, arms and ammunition, aviation gasoline, machine tools, scrap iron, iron and steel products, copper, nickel and other important war materials, while the British Dominions and colonies are in various ways interfering with Japan's shipping.

"The Japanese government has lodged protests against such actions on each occasion, but this tendency has recently been so greatly aggravated that Japan must meet the situation adequately prepared. No other course is left to Japan but to go forward with perfecting for herself a state highly organized for national defense, not only in order to meet this pressure that I have referred to but also to secure the economic life of self-supply and self-sufficiency within the region of greater East Asia.

"In this connection, I should like to refer to our relations with the United States. The United States has evinced no adequate understanding of the fact that the esablishment of a sphere of common prosperity throughout greater East Asia is truly a matter of vital concern to Japan.

"She apparently entertains the idea that her own first line of national defense lies along the mid-Atlantic to the east, but to the west not only along the eastern Pacific, but even as far as China and the South Seas.

"Very One-Sided"

"If the United States assumes such an attitude, it would be to say the least, a very one-sided contention on her part to cast reflections on our superiority in the western Pacific by suggesting that it betokens ambitious designs.

"I for one believe that such a position assumed on the part of the United States would not be calculated to contribute toward the promotion of world peace. Speaking frankly, I would regret extremely such an attitude on the part of the United States for the sake of peace in the Pacific, and also for the sake of peace in general.

"It is my earnest hope that a great nation exerting the influence that the United States legitimately does will realize her responsibility for the maintenance of peace, will reflect deeply on her attitude with truly, God-fearing piety, will courageously liquidate past circumstances, and will bend her utmost efforts to allay the impending crisis on civilization.

If War Should Come

"The prevailing confusion of the international situation shows no sign of subsiding, but on the contrary it tends to increase. Should the United States unfortunately become involved in the European war, and should Japan too be compelled to participate in the war,

another great world war, both in name and reality would ensue, precipitating a situation which would defy all attempts at saving it.

"Should the war take its furious course, unleashing formidable new weapons which hitherto have not been used, no one can guarantee that it could not develop into a war spelling the downfall of modern civilization.

"The three-Power pact has been concluded for the purpose not only of

Hardship Ahead

Chicago Daily News.

The eventual outcome of the war is undoubted, but there are hardships ahead, Premier Winston Churchill warned the British Empire in an informal adress at Glasgow last week.

making sustained efforts for the establishment of a sphere of common prosperity throughout greater East Asia, but of preventing, in its course, any further extension of present disturbances.

"We must endeavor to terminate the current war as speedily as possible and to settle the chaos in which the world is plunged. We must meanwhile study in advance to discern some formula for prevention of the recurrence of any such disturbances in the future."

Immediately after the conclusion of the Foreign Minister's address, the Diet went into secret session to hear individual reports by Premier Prince Konoye, General Tojo, the War Minister, and Admiral Koshiro Oikawa, the Navy Minister.

Servicemen's Votes

While speculation was rife on the reception accorded Prince Konoye's record-shattering budget demands to the Diet in secret session (he warned the Japanese in his New Year message to be ready to "submit to unprecedented sacrifices") foreign observers in Tokyo were still discussing with interest the possible significance of the Cabinet's action during a 7.30 p.m. to midnight session to abandon automatic enfranchisement of ex-servicemen under the "new structure" electoral "reform" law. Also still being discussed was the sudden decision by Prince Konoye to forego his statement to the nation on January 17, the day on which Home Minister Baron Hiranuma told the Cabinet decision on the enfranchisement of ex-servicemen would "require further study."

Reason for the decision against automatic enfranchisement of ex-service-men given by Koh Ishii, Information Board spokesman, in Tokyo on January 14 was "army opposition." This opposition, according to a **Domei** report on Ishii's statement, sprang from the view that military service was the duty and privilege of all Japanese subjects, and should not be linked with the right to vote—a right which under the "new structure" system has vanished for four and a half million out of the 14,500,000 who had the privilege of voting previously.

The view was also voiced in a **Domei** message—and it seems more likely than any other, that automatic enfranchisement of ex-servicemen would leave the way open for future "abuses" of the right to vote "should the veterans become the tools of unscrupulous individuals." If the words "liberal and progressive" were substituted for "unscrupulous," the real fear of the Government of automatically enfranchising a large body of men thoroughly sick and tired of the "Incident," "Southward Expansion," "the glorious mission of Japan in constructing a 'new order' in East Asia," and the rest of their militaristic Government's political cliches, becomes more evident.

No Mere Coincidence

That there was more than mere coincidence between Baron Kiichiro Hiranuma's announcement simultaneously with Prince Konoye's decision not to make his statement to the nation on January 17 also was suggested by the remark made by the Information Board spokesman on January 14 that "the Government itself was not at acord over various provisionary bills." He also stated that a parliamentary fight would "create the impression abroad that Japan lacks unity at a time when the international situation requires the nation to stand as one." As the measure stands at present, voting will be restricted to family heads aged not less than 25, or, in other words, those most susceptible to pressure.

Prince Konoye was to have made his statement to the Nation following a series of "fire-side" conferences between leaders of the Government and representatives of the press between January 14 and 17, but at the last moment, it was announced that "owing to the success of these conferences" he would forego his statement until after a further series of meetings with members of the Privy Council, representatives of the Cabinet Councillors and former State Ministers.

The Japanese Premier was beaten to the jump, so far as former State Ministers went, by War Minister Lieut-General Hideki Tojo, whose recently increasing activities included a locally hushed but Tokyo publicized visit to Wang Ching-wei early this month. Tojo, who was among those present on January 14 to hear Premier Konoye give a 40 minutes review of Japan's foreign relations and the state of her economy, on January 15 was host to 13 former Cabinet Ministers, retired and active army officers, and Privy Councillors.

Tojo's "Party"

According to a release through **Domei**, the Japanese War Minister explained the "present emergency facing the nation" and "asked them for their cooperation and support. Persistent reports of discontent among the "outs," however, indicated that General Tojo gave the former Government members a vivid description of how far the army intends to go in the impositon of the "new structure" should this discontent become contagious.

Among those present at the conference General Kazushige Ugaki, the brevity of whose term as Foreign Minister was eloquent of his unpopularity with the army, and who was deposed by the army from the Premier-

Blitz Mood?

Chicago Daily News.

Nazi Fuerher Adolph Hitler met Fascist Dictator Benito Mussolini at an undisclosed venue Tuesday. Mussolini's stooge newspaperman Gayda said on Wednesday that they discussed America; Wednesday, however, the Italians launched their most powerful counter-offensive of the war on Greece.

ship even as he was on his way to accept his appointment. Ex-Premier Nobuyuki Abe, also a liberal, was present, as was former Inspector-General of Military Education Yoshiyuki Kawashima, still disgrace for his involvement in the Cadet revolt scandal.

Others, among them many who have at one time or another incurred the displeasure of the Japanese army, were Lieutenant-General Kenichi Oshima, General Sugiyama, chief of the General Staff; Kuniaki Koiso, former Overseas Minister; Misao Kawai, Privy Councillor; Baron Jakeji Nara, Privy Councillor; Senjuro Hayashi, former Premier; Sadao Araki, former War Minister, Hisaichi Terauchi, former War Minister; Shunroku Hata, former War Minister; Lientenant-General Heisuke Yanagawa, President of the Asia Development Board; and Major-General Akira Muto, Chief of the Military Affairs Bureau. Of these, both Muto and Sugiyama had been present, in company with Tojo, at the meeting with Prince Konoye on January 14, while Sugiyama and Tojo were again in conference with the Premier and other members of the Japan-

ese High Command at Prince Konoye's residence on January 16 and 17.

How far Prince Konoye was guided by the results of these and other conferences and the crisis of ex-servicemen's votes in deciding to withhold his statement to the nation on January 17 is not at the moment clear, but it seems most improbable that an address of such national importance in view of the expected introduction before the United States Congress of the "Lease and Loan Bill," with its subsequent depressive effect on Japan, would have been postponed for so paltry a reason as that given. It was anticipated that Konoye would present the contents of the abandoned statement to the Diet by Tojo and Admiral Koshiro Oikawa, the Japanese Navy Minister, would be identical with those presented by them during the conferences between January 14 and 17. Prince Konoye was believed to have stressed at these conferences the growing tension between the United States and Japan, and to havee confided in the conferences a plan already drawn up by the Government for future action.

N.S.A. Activities

The increasingly active part being played by the National Service Association in the establishment of the "new structure" meanwhile began more and more to assume a policing aspect (**Review**, Dec. 28, 1940), depite Baron Hiranuma's explanation on the status of the organization. Press interviewed, Baron Hiranuma on January 12 declared that it was predicted when he joined the Cabinet a change of the National Service Assocation into a spiritual molibilization organization would materialize. This, he said, was not "my real policy, contrary to what was held likely." **Domei** reported from Kyoto where the Baron had just arrived on a visit to the Ise Grand Shrine. In direct contradiction of this statement, he then declared any changes that would come regarding the National Service Association **would be policies of the Government.**

Simultaneously in Tokyo it was announced Count Rainei Arima, Director-General of the body, and Mr. Shigeyoshi Matsumae, Chief of the Genera Section of the Association's General Affairs Bureau, had obtained from Finance Minister Isao Kawada an "understanding" on the budget of the Association for 1941. This budget, or subsidy, is allotted from the Japanese National Treasury and already has been decided by the Association as Yen 35,000,000, of which the Organization Bureau will receive Yen 20,000,000.

The greater part of these funds will be expended by the Association this year, according to an official statement through **Domei** from Tokyo on January 14, in the formation of a headquarters in each of nine national territories for the organization of branches in 12,000 cities, towns and villages throughout Japan. It was stated that the Association would send immediately 60 members of each of the nine sections to hold conferences with sectional leaders on the formation of its quasi-Gestapo setup.

Apparently to cope with the increased activities, three new directors, bringing the total to 43, were appointed by the Association on January 14. The three new directors are Vice-Admiral Takuo Godo, President of the Central Association of Industrial Guilds; Mr. Shichiro Mori, President of the Japan Broadcasting Asssociation; and Mr. Sotaro Ishiwata, former Finance Minister. Lieutenant-General Teiichi Suzuki, acting Governor-General of the Asia Development Board, was appointed Councillor of the Association.

Expected to be passed in the Japanese budget for 1941 were allocations for Korea, Formosa, Saghalien, the Kwangtung Leased Territory and Japan's South Seas possessions. The total allocation was estimated at Yen 1,525,000,000, of which Korea was allotted Yen 996,000,000, Saghalien Yen 115,000,000 the Kwangtung Leased Territory Yen 84,000,000 and the South Seas Yen 15,000,000.

Japan's national debt in the form of domestic and foreign loan bonds at the end of 1940 totalled Yen 22,253,200,000, an official announcement by the Ministry of Finance stated in Tokyo on January 13. Domestic bonds totalled Yen 27,008,000,000, while foreign loans accounted for Yen 1,245,000,000. These figures showed an increase by Yen 1,300,300,000 over the total at the end of November, 1940 and an increase by Yen 6,733,000,000 as compared with the total at the end of 1939.

Isao Kawada declared in a New Year message to the Japanese that the nation was able to stomach a Yen 6,860,000,000 general account budget for the coming fiscal year, although present estimates represented an increase of Yen 760,000,000 over the budget for the current fiscal year. He declared that bonds issued since the beginning of the Sino-Japanese hostilities to cover military expenditures aggregated Yen 17,270,000,000, of which Yen 13,990,000,000, or 81 per cent had been bought up by the public.

Mr. Shinichi Kojima, Director of the Bureau of Overseas Trade in the Ministry of Commerce and Industry, was on January 14 announced as Vice-Minister of Commerce and Industry in succession to Mr. Shinsuke Kishi, who recently resigned after a violent difference with his chief over matters yet unpublished.

Extending the general reshuffle of Japanese local and national governments, Baron Hiranuma on January 6 announced the first changes of office ordered by him since he took over the post of Minister of Home Affairs following Prince Konoye's purge of the Cabinet late last year. Nine prefectural governors were retired and three transfers made. Jitsuzo Kawanishi, Governor of Kyoto Prefectere was made Governor of Tokyo Prefecture. The post vacated by him was filled by Kyoshiro Ando, former Police Bureau Director of the Home Office. Mr.. Choji Minabe, former Vice-Minister of Education was made Governor of Osaka Prefecture. This announcement was followed the next day by the suspension of Kinzo Yana, Governor of Toyama Prefecture, when he refused to "resign" with the other eight deposed Governors.

All Japanese youth organizations were brought into line with the "new structure" one-party system on January 15, when it was announced by Dr. Kuniriki Hashida that they would be combined under his leadership into the Japan Youth Association. The present Young Men's Party, under the leadership of Colonel Shisimoto, however, was permitted to continue as a separate unit, **Transocean** stated in a message from Tokyo. The Japan Youth Association was formally inaugurated on January 16 in the Japan Youth Hall in the outer gardens of the Meiji Shrine.

Wang Ching-Wei sees His "Chief"

Wang Ching-wei, head of the Nanking puppet government, confers with the Japanese Minister of War, Gen. Tojo, who recently made a tour of China and spent considerable time in Nanking conferring with puppet officials and Japanese army officers. On the left is Lin Pei-sun, Nanking Minister of Publicity. Gen. Tojo is on the right smoking a cigarette. The name of the other Japanese officer in the background was not given. It was significant that this picture, although taken in Nanking, was not issued for publication here, but received wide publicity in the home papers in Japan, the Army's purpose being to create a favorable impression of the Nanking puppet's position.

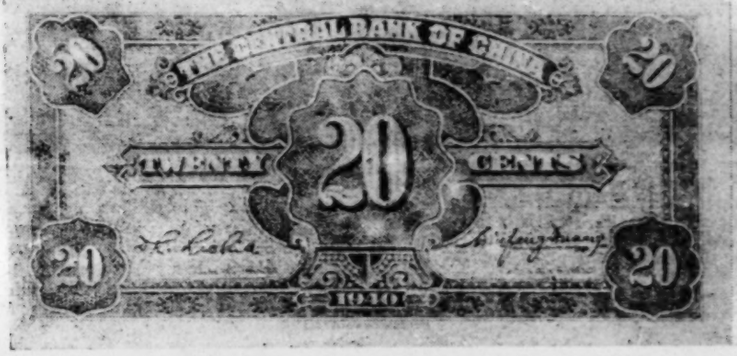
The spokesman of the Nazi Foreign Office in Berlin on Jan. 16 read a "stiff lecture" to the foreign newspaper correspondents stationed in Berlin, on the circulation of rumors "which are not only without material foundation, but also devoid of reason." The Nazi spokesman particularly warned the correspondents against "basing speculation and conjectures" on the private visits of some minister or other to different parts of the country. When some of the correspondents asked him about the rumors of diplomatic activity between Berlin and Madrid, the spokesman said, "the situation is just as it has existed in the past."

The U. S. authorities at the Panama Canal arrested, Jan. 15, two Japanese, Capt. Eiichi Sanada, and Fourth Engineer, Kenzo Yamanouchi, of the O. S. K. freighter Tokai Maru, bound for New York. The arrests were made when the Japanese ship was in the Gatun Locks, as it was found that both Japanese carried small cameras. The Japanese were released after paying fines of US$25 each.

Public Warned Central Reserve Bank Is Fraudulent Concern Operated by Puppet Government to Stave off Bankruptcy

Any attempt made by the Central Reserve Bank, which opened its Shanghai branch on seized property on the Bund last Monday, to circulate its worthless script here should be firmly resisted by the public and the authorities. The statement by Mr. Chou Fu-hai, Nanking Minister of Finance and Governor of the Central Reserve Bank, that the concern is being operated on good banking principles and that its note issue is backed by sufficient reserves is false. His statement that the script will be exchangable for foreign currency on par with fapi also is false and his declaration that the sole purpose of this bank is to "stabilize the financial situation" is absurd. The Central Reserve Bank is an attempt by the puppet government at Nanking to obtain money by fraud in an effort to stave off bankruptcy.

Genuine



False

The 20-cent notes on the left are the issue of the Central Bank of China, which has the recognition and support of the recognized National Goverenment of China and the Powers—except Japan. The notes on the right are the issue of the Nanking Government, printed by Japanese in imitation of the genuine Central Bank notes, hence have no collateral backing.

These are facts in a nutshell: It is conservatively estimated that the Nanking Government's expenditure last year was approximately CN$200,000,000. This year, with a growing, if somewhat unreliable army to budget for, and a continually expanding bureaucracy to maintain, Wang's regime will have to spend more...much more. *Finance and Commerce* estimated that the income derived by Nanking from gambling and other vices, plus handouts by the Japanese army from Customs dues collected in Shanghai (stolen by the Japanese, by the way, from foreign bondholders to whom the money legally belongs) was approximately CN$120,000,000. Chinese sources estimated Nanking's income last year as much lower, from CN$50,000,000 to CN$75,000,000 at most. There was, therefore, certainly a deficit of CN$80,000,000 in 1940, and possibly it was greater. This deficit is the reserve of which Chou Fu-hai boasts, and Central Reserve Bank notes, it follows, not only cannot be on par with fapi, but in fact they must be considered as liabilities to those who may have the misfortune to acquire them.

There can not be any argument or doubting of these facts. They are well known to Shanghai bankers, who point out that while the Central Reserve Bank Governor continually refers to a mysterious reserve, no bank of standing has yet seen the color of this money. The Government has done nothing to aid Nanking in the way of foreign exchange for the excellent reason that the Japanese Government is in dire need of every cent on which it can lay its hands. Wang Ching-wei's Government was started without foreign exchange and without credit abroad, and it could not possibly have acquired either of these since its inception without local financial circles becoming aware of it. The Nanking regime has no source of income other than those given above, as the Japanese army has hung on to the dope monopoly as its own particular share of the loot. It must therefore be heavily in debt.

Punishable Crime

Attempting to obtain money by false pretences, or fraud as it is known, is a contemptible crime punishable under the laws of all countries, incuding China. Circumstances are such that it is difficult to envisage the Shanghai Municipal Council ordering the Settlement police to proceed to No. 15 The Bund and clap Mr. Chou Fu-hai in jail where he should be, along with the rest of his fine scheming friends, but actually by law Mr. W. J. Keswick has every right to give such an order, and as a citizen it is his duty to do so. The Central Reserve Bank is attempting to foist its script on the public by pretending that it is exchangeable for legal currency, and that is fraud. The attitude of the Shanghai Municipal Council towards the Nanking regime already has been amply demonstrated by its capitulation to demands for the occupation of the Bank's premises on the Bund, however, and the public need expect no measures to be taken by the Council for its protection. This being the case, the public should be informed that the Central Reserve Bank has no legal right in Shanghai, and that it has neither the means nor machinery to impose its note issue on the public by force.

Any covert threats made by the Nanking regime on Shanghai Chinese businessmen, shopkeepers or banks which do not have to conduct business in the occupied areas should be dismissed as stuff and nonsense. Threats should be reported immediately to the police and such publicity given to them as will compel the authorities to take appropriate action should they show signs of becoming gun-shy. The Shanghai Municipal Police are paid to protect residents of this city from the attentions of forgers and defrauders, and the public on this occasion

particularly should insist that this duty be carried out scrupulously. The first of what is expected to be a series of efforts by the Central Reserve Bank to "encourage" Shanghai to accept its phony notes was made during last week-end, when shopkeepers, exchange shops and a number of Chinese banks received circulars extolling the virtues of the script. No threat was made, but it will be recalled that when announcement of the opening of the Bank at Nanking was made, Chou Fu-hai declared that if the Bank's notes failed to gain circulation, "steps" would be taken. It should be remembered that while Mr. Chou, as Minister of Police in Nanking has the power to use strong arm methods in the occupied areas, those threats of his carry no weight in Shanghai.

Pressure Denied"

Mr. Chou also had something to say about threats the day before the Shanghai branch of the Bank was opened.

Genuine

Phony

The notes reproduced on the left are the issue of the Official Central Bank of China, which has its head office in Chungking. The illustrations on the right are those of Wang Ching-wei's and Chow Fu-hai's new banknotes, which were printed in Japan in imitation of the genuine notes.

He issued a statement through the *Central Press Service of China*, the puppet propaganda organization, denying that the Nanking Government intended to "exert pressure on financial circles" in Shanghai. It will be interesting to observe just how long Mr. Chou will maintain the belief that "if the policy of the bank were to be carried out by force, the financial system would be destroyed." "I fully sympathize with the difficulties of the banking business in Shanghai and I understand the necessity for the maintenance of order in the financial market. I will therefore not use any forcible means or adopt any extraordinary measures.....As for the rumor that there is no reserve for the new notes, the unlimited supply of foreign exchange and legal tender notes by the Central Reserve Bank will convince the public of the groundlessness of the canard."

If Mr. Chou had confined himself simply to the words "foreign exchange," he might have escaped the charge of fraud, but to state that the Nanking Government is in possession of "unlimited" quantities of foreign exchange is a bare-faced lie designed to mislead the public.

Some indication of the methods likely to be expected of the Central Reserve Bank—and the reception they are bound to receive, was given in Shanghai the morning of the opening ceremony when persons employed by the Bank plastered Settlement buses and tramcars with stickers advertising the opening. This was done without permission of the transport companies, and immediately their presence was discovered, they were torn off. For a concern which presumably hopes to have its notes accepted by the bus and tram companies, it had made an auspicious debut. Delivery boys and flower shop messengers were the first known Shanghai victims of the "new order" notes. They were tipped with the script after delivering flowers and what the *Shanghai Evening Post and Mercury* with some disregard for accuracy described as "hundreds" of cabinets containing silverware—probably the only bullion in any form to be found behind the bank's doors. The messengers walked out of the bank "staring strangely" at the notes.

Domei, the Japanese news agency, declared that the opening of the Bank's Shanghai branch foreshadowed a bitter struggle between the "old and new" currencies in Shanghai, "the financial nerve center in Central China," but while messengers were regarding the C.R.B. notes with justified suspicion, National Currency strengthened on the local market with news from Washington that the United States was considering the freezing of all foreign credits the property of countries under conquest by aggressors. It was also rumored that there was a good deal of "defiant" sentimental buying on the market.

Among Those Absent

C.R.B. Governor Chou delivered the inaugural address at the opening ceremony, while Mr. Chien Ta-kuei, Deputy Governor of the Bank, reported on the preparations which had been made for the opening of the Bank's Shanghai branch, ommitting, however, any reference to the illegal use of the Settlement's transport for the purpose of advertising the opening. Although Japanese were present at the ceremony, and later at a reception at the Astor House Hotel, in abundance, foreigners were conspicuous by their absence. Of the only foreigners who might have wished to attend the inauguration of a racket which must excite their envy, neither Jack "Slot Machine" Riley nor Elly (Tokyo Agent) Widler were able to cross the Soocow Creek, Carol Lunt was still in the United States on Japanese propaganda work, and L. K. Kentwell was occupied with the same chore in Nanking. The statement which would have interested these gentry most was the revelation that the circulation of C.R.B. notes since the concern opened in Nanking two weeks previously was $7,220,000.

Chien Ta-kuo, will act as manager of the Shanghai branch of the Bank, while Wang Chung-tao and Shao Shu-hwa will be assistant managers. Among the uses to which the C.R.B. script may be put, according to an announcement made by Chou Fu-hai in Nanking two weeks ago (*Review*, January 18, 1941) is the purchase of Customs duty, in which it will replace the Hwa Hsing Bank notes now being withdrawn from circulation. By this method the Nanking regime hopes that in the course of time the circulation of the script will give it a false value, but, it will be recalled, the Japanese were compelled not long ago to order the Customs authorities in Shanghai to accept National Currency in lieu of Hwa Hsing notes.

Embattled Hongkong Turns First Century in Grip of Two Wars; Many Historic Blows Survived by Colony

BY ANNA GINSBOURG

Gripped by two wars—Sino-Japanese and European—Hongkong refrains from observing to any marked extent the centenary of its existence as a British Colony falling on January 21, 1941, but this by no means diminishes its significance. To many who have passed by or at some time enjoyed the hospitality of the wonderful "Riviera of the Orient" it may prove a revelation that a span of a century only has elapsed since Queen Victoria's battleships sent to China to defend the prestige of British trade beat down weak Chinese resistance (Opium War, 1841) and as a result won for the Crown the insignificant little island not even marked on the maps, and known only as a lair of Chinese pirates.

The same British guns which, according to the Chinese version, have "ignominously" fought for the Colony as "an outpost of British Imperialism in the Far East," today are fighting their own battle for upholding British Imperialist supremacy in the world. Internationally the situation has changed in more than one respect. British warships now proudly guarding the entrance to Hongkong harbor are no more regarded with apprehension by the Chinese; on the contrary, their presence there is taken as a token of British "friendly neutrality" in the Sino-Japanese War.

On January 21, 1841, a British naval squadron officially took possession of Hongkong Island, and the cession was acknowledged by the Treaty of Nanking, signed on August 29, 1842. "Hong Kong" means in Chinese "fragrant port", and by this name was at first known only the island itself, but after the acquisition by the British of a part of the mainland opposite the island known as Kowloon in 1860 and the lease of the so-called New Territories in 1898, the whole British Colony became known as Hongkong (the name "Victoria" is used only in official documents).

Hongkong was intended to become a center of British trade with China, and by the Nanking Treaty, it was made a free port. Its growth was more rapid than expected, however, for during the Taiping Rebellion thousands of Chinese refugees flocked into the Colony, forming the bulk of its Chinese population. From that time on certain native industries took root in Hongkong, and it continued developing in three directions: as a port, and as a trading and industrial center.

Took Many Blows

Closeness to Canton, the birth-place of all Chinese political movements, made Hongkong vulnerable to changes in Chinese political life. The Boxer Uprising, and a decade later Chinese Revolution, both major political events of anti-foreign character, had their adverse effect on Hongkong. The real crisis came to Hongkong in 1925, when an efficient Chinese boycott of British trade was started as a revenge for foreign police shooting into a Chinese students' demonstration in Shanghai. Its effect was complete paralysis of Hongkong trade, from which the Colony had not fully recovered up to the outbreak of the Sino-Japanese war in 1937.

On the eve of this war Hongkong presented a picturesque slumberland where the natural beauty of its sea, mountains and valleys was enhanced by large-scale reclamation and afforestation activities undertaken by the Government. Its foreign population numbered twenty thousand odd souls, Chinese—almost a million. Life centered around commerce, shipbuilding, sport and charity. It was quiet and monotonous and completely lacking in cultural activities. The small white colony, 99 per cent of which was British, computed their salaries and profits in pounds sterling and behaved with British aloofness. Occasional visitors from Europe and America stopping over at Hongkong admired its scenery, bathing and sport's facilities, but as a rule did not endure more than a week's stay in the Colony and left disappointed. Hongkong was neither England nor China. And it certainly went out of its way to be as little of China as possible. Sino-British relations at that period were distant and cool.

The change came overnight. When on July 7, 1937 the first shots were exchanged by Chinese and Japanese soldiers on Marco Polo bridge in Peiping, Chinese politicians knew that this was the beginning of a real war between China and Japan. As a friendly tip they hinted to their relatives and friends to save what they could in time. The more far-sighted of them obeyed, and this was how Chinese money and Chinese enterprise again began to pour into Hongkong. The Hongkong Government quickly grasped the benefit to be derived of the newly created situation and reversed its policy towards China. By this time trade had begun to pick up anyway, due to the opening of the Peiping-Hankow railway, which diverted a good deal of China's export in the southward direction, so prospects seemed bright, and Hongkong shook off its age-long legarthy.

Unprecedented Boom

When the war reached Shanghai, Hongkong offered its hospitality to women and children evacuees, mainly British, of course, but Chinese refugees also were welcomed. When Shanghai fell to Japanese, in November, 1937, Hongkong experienced a boom unprecedented in its history. Its revenues showed an excess of assets over liabilities for the first time in years, and in the 1937 budget an estimated deficit of H.K.$3,498,910 was turned into a surplus of H.K.$1,085,146.

A vast increase in the Colony's trade at the expense of other ports in China was the major cause of its war-time prosperity. The influx of wealthy refugees and their businesses brought an increase in industrial production. Shipping and warehousing flourished. Due to the overcrowding of the Colony, land values and rentals, quickly rose, and owners of real estate more than anybody else welcomed the "luck" brought to the Colony by the Sino-Japanese war.

Hongkong in October, 1938, just prior to the fall of Hankow and Canton, and when its boom came to a sudden halt, presented a fantastic picture. The atmosphere of the Colony was pregnant with money-making, crime was rampant and there was a house and food shortage. Withal, the colony psychologically speaking, was complacent and unreal in the extreme. According to old residents of the Colony, this was Hongkong at its best; it became more cosmopolitan, as the refugees included representatives of almost all nations, less formal and more broad-minded. Of course, it paid to be all that, and friendship with China proved to be not so worthless as it had seemed before. More important, large-scale relief work for 200,000 Chinese destitute refugees from war-torn areas was begun and successfully carried on by the Hongkong Government.

China's attitude to Hongkong also underwent a remarkable change. "The bulwark of British Imperialism" offered security and shelter, and its convenient location with easy access to Free China soon made it the main economic port of support abroad. Not less than eighty per cent of the imports and more than sixty per cent of the exports to and from Free China passed through Hongkong in 1938. The Chinese Industrial Cooperatives movement, the China Defense League, and the Chinese Red Cross maintained their headquarters in Hongkong, and some of the most popular Chinese publications transferred their editorial offices there.

Japanese occupation of South China dealt a severe blow to Hongkong, cutting off Free China from its main line of communication with the rest of the world. The Colony's trade at once sank significantly, and although a portion of it was maintained due to the completion of the Rangoon-Kunming highway as a substitute link of communication with unoccupied China, the Colony's boom came to a halt. However, its moral prestige remained high, and the Colony swarmed with activity, attracting Chinese from all parts of China and foreign visitors from abroad. It is true that these late newcomers were a different type from those who flocked in at the beginning of the war—the Chinese merely sought refuge, the foreigners came more for study purposes—China's war scene was very near. There was no more large-scale business to be done in Hongkong. The boom had gone, but Hongkong did not revert to its normal life.

Another War Change

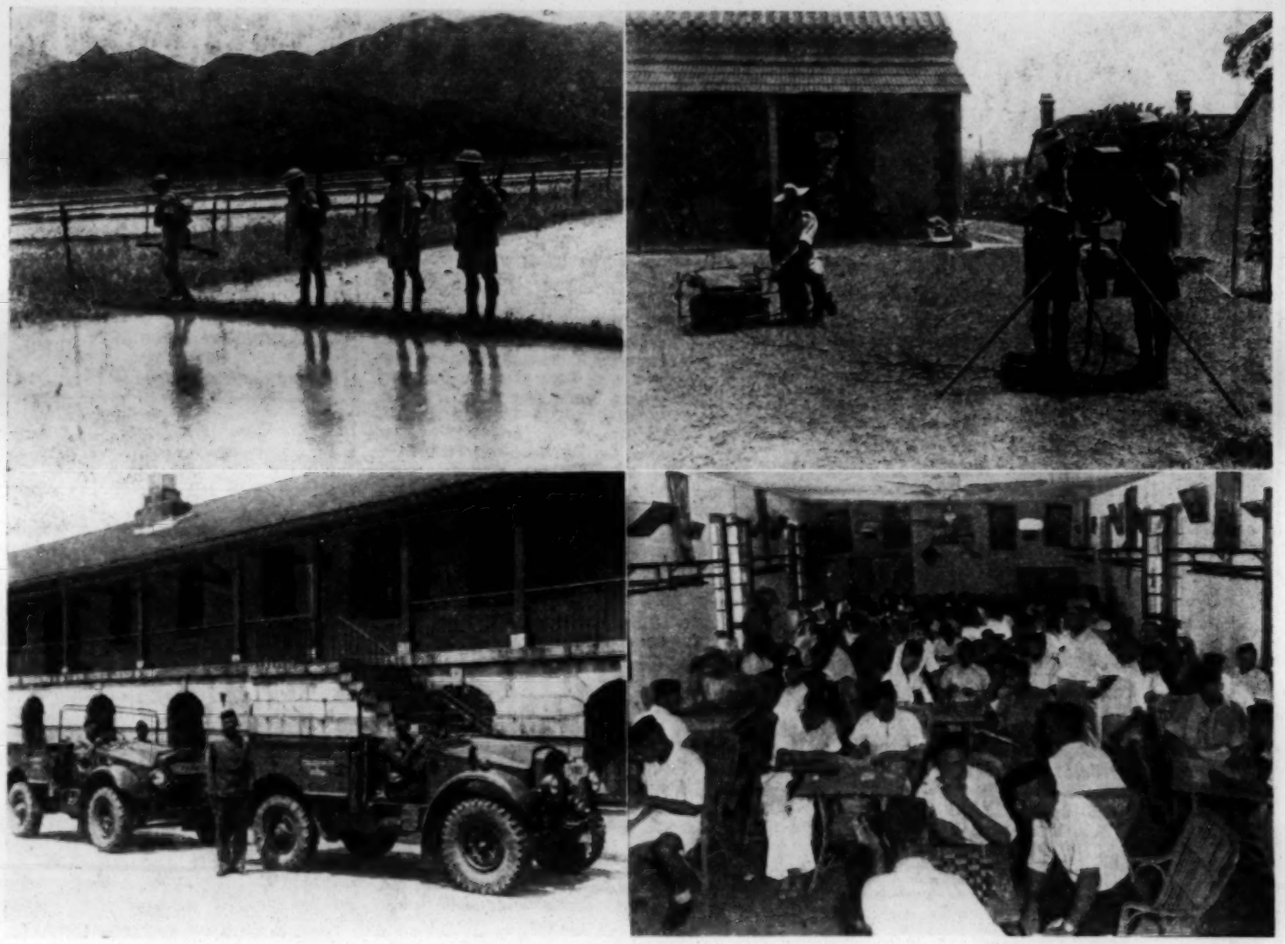
The scene changed again with the outbreak of the European war. On the eve of September 2, 1939, a state of emergency was proclaimed, and it was decided to evacuate all British women and children. This measure was unprecedented in Hongkong's history. In the World War Japan was on the side of the Allies, and Hongkong seemed far enough from the scene of the war. Now the situation was different.

The threat of Japanese aggression long had been given due attention by the Hongkong Government, and the Colony had carried out defence preparations on a large scale. After Japan's occupation of South China the invasion of Hongkong seemed imminent and only a matter of time, and with Britain's preoccupation in Europe and Japan siding with the aggressor it looked obvious that Japan's hour to strike had come.

When the first days of panic had passed it became clear that much would depend on Japan's relations with Russia. Engrossed in war with China, Japan sought rapprochement with the Soviet Union, and the Hongkong issue was destined to remain in abeyance for some more time. Tension was relaxed, and after a brief sojourn in Manila, British women and children returned to Hongkong. However, Britain's participation in the war proved a different matter from mere danger of Japanese invasion and nearness of Sino-Japanese hostilities for Hongkong. The psychological aspect of the Colony's life underwent a radical change:—

Motherland's life and prestige were at stake, and blood ties connecting London with its distant Colony were immediately strongly felt. Hongkong's reserve and aloofness gave place to feverish activity. Hongkong women started knitting comforts for British soldiers, and the Colony showed remarkable energy in contributing to the

Britain's Far Eastern Outpost Under Arms



Passing the first century of its existence on January 21, the British Colony of Hongkong faces another turbulent chapter in its history as the outpost of the British Empire in China. On the surface the Island Colony is gay, but, states a special correspondent of The Review, there is an undercurrent of martial activity demonstrated by the above pictures. Top left picture shows a unit from an Indian Hill Regiment, adepts at adapting themselves to local conditions, moving back from a barbed wire barricade which they have just put up around rice fields. On the right are members of the same Regiment trying out a Lyon searchlight. The men are well treated in Hongkong, which is the most popular station among the Indian regulars, as is shown by the scene at lower right in the Barracks recreation hall, a popular meeting place in the evenings. At lower left are shown two army transports employed by the Regiment—a common sight in militarized Hongkong these days.

British War Fund. There was less dancing in the big hotels, and hiking both on the island and mainland was curbed due to certain zones proclaimed military by the Government. On the whole, Hongkong became mentally engrossed in the war at home. Its own vulnerability was given less thought than heretofore, and Japan became quickly conscious of the fact.

No Time Lost

There was no time to lose. The continuance of supply of China's war materials by way of Burma and Indo-China via Hongkong was a matter of exasperation for the Japanese since the occupation of South China, and in June, 1940 after the fall of France, when Britain remained to fight her battle alone, the Japanese demanded that Hongkong shut the port for transit of Chinese war supplies. The shock of France's collapse was not yet overcome by that time, and Japan's demand presented in the form of an ultimatum again threw the Colony into a state of panic. The second evacuation of all British women and children, this time to Australia, was ordered and immediately put into effect, and the Colony decided to reject Japan's demand and fight, if necessary, for its life on a par with a Motherland fighting her battle against heavy odds. The Colony's precarious position in face of attack from the mainland, its problems of food and water supply aggravated by its overcrowding; all were forgotten.

Japan did not go to fight. She agreed to sign a three-month agreement for the closure of the Burma road on July 18, 1940. This meant a complete collapse of Hongkong's war-time trade, but the Hongkong Government did not object. A lot more was to be decided in the course of this short span of time.

Japan Embarrassed

The concentration of supreme war effort in Britain which followed the fall of France reached its peak by the middle of October when the agreement expired. By this time America decided upon large-scale support of the British war cause and became her silent war ally. Britain's stand now was incomparably firmer than in summer. And it was decided to re-open the Burma road on October 18. The Hongkong Government was again taking the risk.

The Japanese retaliated by bombing the Burma road along which trucks carrying supplies to Free China resumed running on October 19. They took no action against the Hongkong Government, for the reopening of the road, though they repeatedly proclaimed that they would do so. The international situation was not favorable for any drastic action. The China campaign was as far from completion as ever. Affairs in Indo-China started shortly after France's fall called for no mean effort. Russia remained aloof. America behaved with utmost impertinence. And, what is most important, there was no visible Fascist victory in Europe.

The Hongkong issue, although included as an important item in the program of promotion of the "New Order in East Asia" announced by Japanese Foreign Minister Matsuoka, remains in abeyance at present. The state of emergency proclaimed by the Hongkong Government precludes British women and children from returning to Hongkong, and although this measure could not be regarded as seriously defensive in view of the overcrowding of the Colony by surplus non-British population, it is important as a gesture indicating to Japan that the British "mean business".

It was also only British men who "meant business" to China a century ago when first British merchantmen approached Canton shores. History records that the presence of a British woman on board of one of these ships was taken as an insult by the Chinese Viceroy and almost led to the rupture of relations between the two countries.

Hongkong's history was made by British men, and its fate is in their hands today. But so much more than this Colony's existence depends today upon British men's ability to handle history as they wish.

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Crime Wave Sweeps City As Chinese Festival Nears; Foreigners Victims of Gunmen and Armed Robbers

Shanghai apparently was divided into its own "spheres of influence", by political assassins, gangsters, armed robbers, and kidnappers on the loose this week. Political murders resulting from transfer of regimes, gun battles between police and bold daylight gunmen, attacks by bandits—with ruthless intent to rob and kill, and daring down-town kidnappings caused an unprecedented loss of life and property.

Mr. Tong Yui, prominent Chinese lawyer and understood to have been an acitve sympathizer with the recent transfer of the French Concession district courts to the Wang Ching-wei regime, was killed by four shots from an unknown gunmen Monday morning as he sat in his car in Frenchtown waiting to proceed to his office. Mr. Tong, who was 51 and a leading lawyer in Shanghai since 1934, died instantly. The assassin fired through the window of the car and managed to escape before the chauffer could raise an alarm.

Political motives also were seen in the killing of Mr. Iwao Nishi, a Japanese worker in the Wushi sanatorium of the Central China silk Association. Mr. Nishi was shot twice by an unknown gunman in full view of scores of pedestrians along Nanking Road January 11, and died the next day in the Foo Ming Hospital. Extensive searches were made, and the busy business district was blocked off for hours, but the assassin escaped.

Similar terrorism continued unabated through the week. On Saturday morning a Chinese gunman attempted to murder Mr. Shozo Gimitsu, Japanese supervisor for the Japan-China Silk and Cotton Mill, as he was passing along Robison Road Near Penang Road. The would-be assassin's gun jammed after he had fired one shot. Chinese police gave chase, arrested him, and handed him over to the Japanese Gendarmerie for questioning, but they could obtain no statement as to his motive.

On the previous day, three assassins entered the cake shop of Tsai Kyi-fong, manager of the Sung Chi Egg Company on Kweichow Road, shot and killed him at his desk, and escaped unidentified. Detectives were unable to ascertain the motive for the murder, but it was believed to be gangsterism in connection with the eggs business.

"Lily-Livered Lot"

Death was the penalty paid by a civilian for attempting to interfere with the lawlessness that has gripped Shanghai. Mr. Harry Latham, British citizen who came to the aid of a woman victim of armed robbers in the Brenan Road Post Office January 7, was shot in the back as he tried to get aid from the Chinese postal employees. The robbers had obtained 40 cents and a diamond ring from the woman, Mrs. A. N. Kravchenko, and had taken Mr. Latham's wallet, when he turned and shouted to the postal employees to telephone the police. A shot through the back felled him to the floor, and while the murderers escaped, no one came to the stricken man's aid but the woman. At the inquest, Coroner C. H. Haines called the employees who refused to aid Mr. Latham "a lily-livered lot."

The puppet police force was shaken with a crime scandal in its own ranks. Chen Ya-wen, alleged to be a captain of the Western Area police force at 76 Jessfield Road, was charged January 8 with committing numerous armed robberies and kidnappings. A week later he was convicted and sentenced to 14 years' imprisonment by the First Special Court. From his major robberies, Chen was said to have netted over $20,000. He was also said to have engineered the kidnapping of Mr. Chen Ling-sun from his home on Yu Yuen Road May 9, 1940.

Amid a hushed-up scandal over the unexpected leniency granted him by the First Special District Court, according to the **China Press** January 12, the Chinese constable who ran amuck the previous Friday and shot at a sub-inspector was dismissed from the Shanghai Municipal Police Force. The constable was angered when the sub-inspector took his number down for neglecting his duties. The two officers tussled for possession of the constable's gun, a shot was fired, and the sub-inspector managed to escort the other back to the station.

High police officers remained non-committal on the subject, but the **China Press** quoted "reliable sources" that the constable was sentenced to only 30 days' imprisonment—with an alternative of paying $1 per day for his jail term—in order to avert a threatened police strike. The police and formerly struck

for higher wages, and were successful after Shanghai underwent a day of closed shop doors without police protection.

Store Bombed

Meanwhile, scores of petty crimes daily and nightly put the city on an old-time Chicago basis. A home-made bomb was hurled through the window of the Pennywise Store on Szechuen Road January 15, with a possible grievance or extortion motive. The bomb failed to do more than soil counter goods and endanger customers. More than $40,000 worth of jewelry was recovered the day before when the Special District Court issued a warrant for a young Chinese accused of doping and robbing his aunt, Tsou Ah-foh. The youth was still at large at the time.

Homes proved to be little more safe than the streets. A band of six men broke into an abode on Hung Jang Ji, off Sinza Road, and escaped with valuables worth $1,700. Another ransacking occured on Kwangse Road when five men made away with all available clothes and valuables. No alarm was raised in either case, as inmates were intimidated at the points of guns. Arrests were made in the cases of some street banditries, but numerous thugs were able to hold up pedestrians in busy downtown sections as well as in the outskirts.

A gunman was wounded and arrested by two French constables January 13 after a running gun-battle that followed a robbery of the residence of Wang Yi-zeng, employee of the New World amusement center. The chase covered four blocks before one of the bandits was trapped in an alley and wounded during a gun duel. The other escaped. In another hold-up the same day, one of three highwaymen was arrested after robbing a pedestrian of $900. Police found the thief after a search of Shantung Road, the scene of the crime.

Kidnappers Foiled

Kidnapping was a less successful "sphere of influence" than assassination and robbery. Mr. Mao, wealthy local Chinese merchant, was saved from a gang of eight kidnappers last Monday fire at the group and frighten them Well police station arrived in time to when two sergeants of the Bubbling away.

French Police on Friday were able to arrest one of the kidnappers of Chuen Peh-liang, son of a Cantonese merchant and missing since December 10. The apprehended abductor confessed where the boy could be found, and he was recovered.

A chauffer's alarm was responsible for the foiling of a kidnap attempt on Ferry Road. The wealthy businessman was saved when his car stalled after being taken over by a gang of abductors. The chauffer raised an alarm, which caused the gang to flee.

While political terrorism continued to hold Shanghai in its ruthless grip last week, armed robbery and petty crime swept towards it annual peak with the approach of the Spring Festival. Last Tuesday actually marked the beginning of the wave of robberies which usually precedes each Chinese New Year, and before noon seven robberies had been reported in the Settlement alone. Gangsters, hold-up men terrorists maintained the pace throughout the day, according to police records.

On Tuesday night a bus was boarded along Avenue Edward VII and passengers werer compelled at pistol point to deliver their valuables. Houses on the same street and within call of police guarding street interceptions were ransacked that day for clothing and jewelry. A foreign pedestrian was forced into a lavatory and was stripped of his coat, shoes and money.

Japanese authorities, meanwhile were asked to account for four Koreans arrested by the S.M.P. following an exchange of shots on Monday. When the men were taken along to Bubbling Well police station for interrogation, they were found to be in possession of 60 packets of heroin. One of these dope-peddlers was wounded when he challenged the police patrol.

According to a Japanese daily, the **Tairiku Shimpo**, military authorities in Hongkew plan measures against Japanese residents who read English-language papers allegedly anti-Japanese without first obtaining permission to do so. The **Shanghai Evening Post** reported the account on Tuesday including itself as being one of the newspapers referred to in the ban. Military and civic interviewed refused comment. They "were not informed.

Colony Restricts Entry Of Visitors

Chinese passengers arriving in Hongkong from Shanghai are now required to produce passports issued by British colonial authorities, shipping circles revealed on Tuesday. The new passport regulation went into effect at the Colony this week.

In compliance with the new law, foreign shipping companies in Shanghai, including British, American and Norweigian, refused to issue passage tickets to travelers unless they produce the necessary documents or can put up the required security.

For the time being, it was learned, travelers to Hongkong not in possession of a passport may put up as security money bonds amounting to H.K.$100 for first class passengers, H. K. $50 for second class passengers and H. K. $25 for passengers travelling in other classes.

Despite a protest lodged with the British Foreign Office by Mr. Quo Tai-chi against the new regulation, the British Government has refused to retract the law since, it was contended, it had the approval of Chinese members of the Hongkong Legislative Council who represent the Chinese population of thee Colony.

British Government circles considered the law a just one in view of the period of emergency now prevailing in the Colony and believed it does not prejudice Chinese nationals since all travelers can obtain the required passport by simply applying at the steamship companies or the leading travel agencies here.

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Adm. Nomura Seen As Japan's Last Effort to Patch Up Year Old Breach in Trade Relations With United States

BY JOHN AHLERS

Twelve months ago today, on January 25 last year, there expired the Nippon-American treaty of trade and navigation which since 1911 had regulated economic relations between the United States and Japan. To this day, the Japanese have not yet abandoned all hope of inducing Washington to conclude another such treaty, or at least some commercial **modus vivendi.** In its endeavor to secure another arrangement, Tokyo pulled all the wires at its disposal. Japan solemnly promised to reopen the Yangtze River. Every new Nipponese Foreign Minister repeated the well-known assurances of Japan's alleged feeling of friendship for the United States. And beside false promises and attempts at diplomatic persuasion, Japan also tried threats: her adherence to the Tri-Power Pact was meant originally as a means of pressure upon Washington. Although this three-cornered policy produced in Washington nothing but negative results, Japan at the present time is making yet another attempt in the same direction with the despatch to Washington of Admiral Nomura.

The problem of another trade treaty with U.S.A. has assumed extraordinary importance for Japan by reason of the vital bearing on U.S. Far Eastern policy of the absence of such a treaty, and because it is chiefly the fields of trade and finance strengthened American opposition against Japan's expansionist ventures.

The past year should have made absolutely clear that the United States has no intention to conclude any new commercial treaty or **modus vivendi** with Japan unless she fundamentally changes her policy. No such change either has happened or is indicated; on the contrary, Japan's military and civilian expansionists have tightened their hold upon their country and confronted the outside world with an attiude more menacing than ever. It is only logical, then, that the United States felt compelled, beyond refusing to negotiate with Japan new commercial arrangements, to actually embark upon that policy of economic counter-pressure and retaliation for which the Nippon-American treaty's denunciation by Washington was calculated to pave the way. The treaty expressly granted Japanese trade and other business in U.S.A. most-favored nation rights and thus bound Washington to allow Japan the same commercial favors allowed any other nation. The treaty even might have been interpreted as entitling Japan to obtain aid similar to that U.S.A. is giving Britain and China, while the treaty's denunciation and expiration restored Washington's liberty to proceed against Japan along new lines which Japan's aggressive attitude indicated as more desirable.

Washington Waited

Following the expiration of the treaty, Washington waited. Japan, indeed, was given plenty of time to reconsider her attitude. U.S. Government regulations decreed late in December, 1939, still gave Japanese trade in the United States, though with January 25 last it lost its treaty status, in actual practice continuous equal treatment with other nations' trade. It was only when Japan openly demonstrated virtually unlimited South Sea appetites that Washington began to consider her a hopeless case and gradually embarked upon the enforcement of a first series of export restrictions directed, at least partially, against Tokyo. Even then Washington failed to make such restrictions watertight; loopholes were left through which Japan retained access to some of the American supplies under export embargo. Only gradually were these restrictions tightened and the loopholes closed one after another. Later in the year, additional restrictions on exports to Japan were enforced in U.S.A. in the same gradual way, while of financial facilities in America Japan was deprived practically altogether.

Parallel with this American policy of gradually strengthened retaliation went the policy of granting increased aid to China. Although Britain held aloof from direct retaliation against Japan, Washington managed to induce London to join in the China aid policy. Through extended assistance to China, pressure was brought to bear upon Japan also indirectly. Tokyo, on the other hand, made desperate efforts to decrease Japan's commercial dependence upon the Anglo-Saxon countries, striving harder than ever for self-sufficiency and calling upon Japan's totalitarian friends to yield to her via Siberia whatever important supplies they could spare.

Boom Hits U.S.

Several factors unconnected with U.S.—Japanese relations greatly increased the effects of the economic retaliation policy. The past year bestowed upon North America an industrial, trade and shipping boom so pronounced that none of the anti-Japanese export restrictions proved derogatory to American prosperity. This same boom made the United States a more important buyer than ever of colonial metals and produce

of South East Asia, and thus extended American economic and political interest in the **status quo** in that part of the world against which Japanese expansionism took its latest turn. At the same time, the American demand for Japan's most important export article to U.S.A., raw silk, was considerably reduced following the silk market crash in January last and the appearance in the American market of synthetic **Nylon** fibers. Finally, Japan last year experienced a slow but steady decline of general economic activity, and failed to make any substantial advances in either the exploitation of her China conquests nor the acquisition of new markets and sources of supply elsewhere.

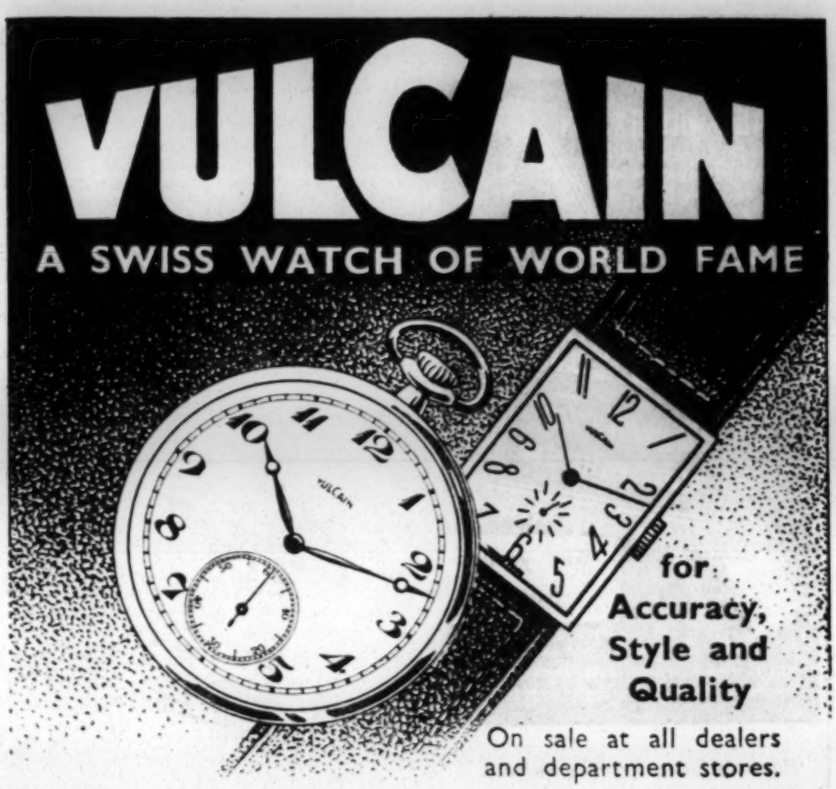
As a result of all this, the United States today, as compared with a year ago, is interested economically far less in Japan, and far more in the actual and potential objects of Japanese aggression in East and South East Asia. Japan now accounts for no more than a mere one-twentieth of U. S. foreign trade. The British Empire, on the other hand, supplies some 45 percent of U. S. imports and is a purchaser for approximately the same percentage of U. S. exports. The United States derives some 25 percent of her imports from countries bordering the Eastern coasts of Asia. However, Japan ships to U.S.A. but one-quarter of these imports while, for instance, British Malaya ships twice as much, and accounts for a full one-eighth of all U. S. imports. The volume of trade between Japan and the United States during most months of last year was considerably below the corresponding months of the previous year, but U. S. trade with other Far Eastern countries throughout the year strongly increased. China and the Philippines together acquired greater importance in U. S. foreign trade than was retained by Japan.

British Trade Lost

Japan, as a trade partner less important than ever to the United States, at the same time saw her commercial importance for the British Empire decline. Greatly increased coherence of the Sterling Bloc and the development of genuine British Empire trade policy deprived her of former opportunities of playing one British Empire supplier against another, and closed or reduced a series of important Empire markets for Japan-made export goods. The closer the United States and the British Empire coordinated themselves economically, the more Japan was relegated into the background. Yet still she failed to substantially diminish her commercial dependence upon the Anglo-Saxons. Since September last Tokyo discontinued the publication of detailed statistics of what remains of Japan's foreign trade, yet the other countries' continuous reports on their own trade with Japan leave no doubt that the United States and the British Empire continue to account for from two-thirds to three-quarters of all the trade which Japan manages to carry on outside the Yen Bloc. Her vulnerability to Anglo-Saxon economic retaliation has by no means decreased.

A full year after the U.S.-Nippon trade treaty expired, Washington had not yet taken against Japan measures of a severity which would truly imperil the latter' country's economic situation. Yet a series of measures have been taken which react unfavorably upon Japanese trade, industry and finances, and Japan has been shown that she cannot free herself from economic dependence upon the Anglo-Saxon world sphere while the latter can carry on

(Continued on Page 283)



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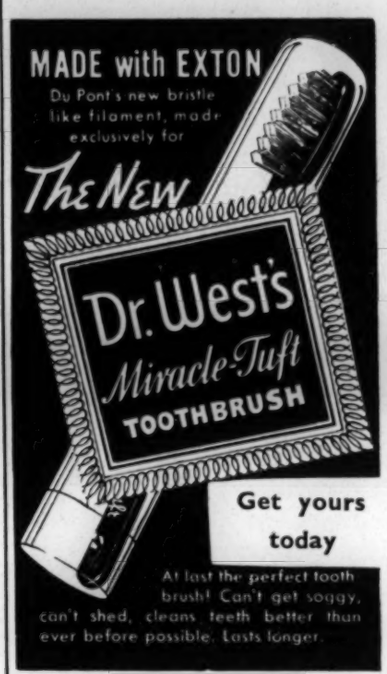
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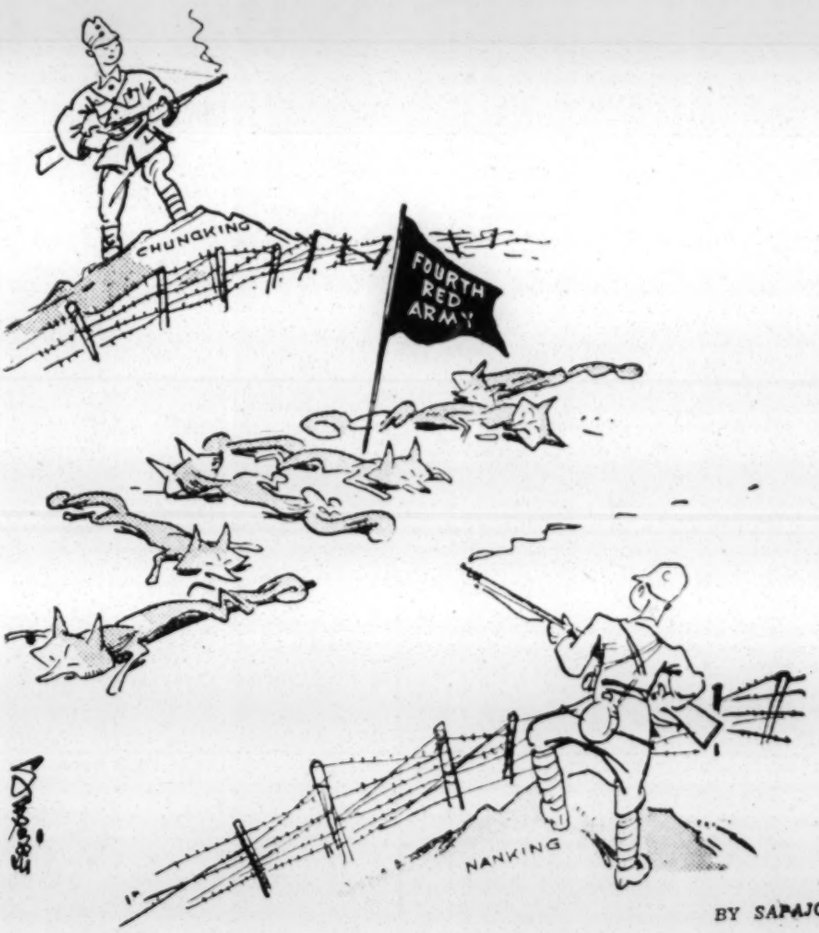
Chungking, Communists Sink Differences, Army Position Still Ambiguous

China's New Fourth Army, a force which has proved almost as elusive to its nominal commander in Chungking as it has to the Japanese it has harried to a state of gibbering uncertainty in the Shanghai area, last week hit the underpaid borderline of mutiny, bounced back and finally took orders from Generalissimo Chiang Kai-shek—to the extent that it would demand no showdown while Japanese troops remained on Chinese soil. Whether the whole of the New Fourth Army would follow that section north which already has vacated the Shanghai Zone in obedience to Chungking late last week still remained to be seen. Chungking said they would; there were those among the troops who were ready to follow the old custom of clinging to what territory they controlled by force of arms. They were in the minority.

Long-suffering, the Fourth Army leaders declared they held the Shanghai Zone for over a year without financial support from Chungking. They claimed they were compelled to clothe, feed and arm themselves on land already swept wellnigh barren by Japanese troops, and there is no doubt that there was a certain amount of truth to their complaints. This was recognized by Chungking in the disputed order for the transfer of the Fourth Army to positions north of the Yellow River. This order was given for two reasons: that with the occupation of positions North of the Yellow River the Fourth Army forces would come directly under Chungking pay and discipline; and that there has been observed a growing need for greater guerilla enterprise than that shown by the Fourth Army in recent months.

Long-protracted negotiations for the transfer of the New Fourth Army from their existing positions to north of the Yellow River finally cleared up with its Commander, General Yeh Ting, arrested, according to Chungking messages.

Was It Cooperation?



BY SAPAJOU

North-China Daily News.

How one Shanghai newspaper interpreted the "war" between the Communist New Fourth Army and the Kuomintang troops under Gen. Ku Chu-tung, commander in the Third War Zone, resulting in the disbanding of the Fourth Army and the arrest, on a charge of insubordination, of Gen. Yeh Ting, its commander.

"Obstruction" Alleged

A report submitted by General Ku Chu-tung, Commander-in-Chief of the Third War Zone (Kiangsu, Chekiang and Anhwei), stated that the Fourth Army since November last year had concentrated its main forces in the region south of the Yangtse River, "with a view to disturbing and impeding the progress of the campaign of resistance."

On December 9 last, the High Command ordered the Fourth Army to move from Anhwei to the region north of the Yangtse River at two points, Fanchang and Tungling (southern Anhwei) below Wuhu and to move further northwards to the region north of the Yellow River before January 30 this year.

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Instead of carrying out the orders, General Ku stated in his report the Fourth Army moved southward entering areas untrodden by Japanese troops near Kinghsien. The Fourth Army troops were said to have concentrated in Maoling, about 80 li south of Kinghsien in Anhwei on the night of the January 4, and to have attacked the 40th Division under the command of Gen. Ku, while the latter were entering the province from their campaign in South Kiangsu.

Gen. Ku's troops took up the challenge and the Fourth Army was claimed to have been completely disbanded by January 12. In the course of fighting, the Fourth Army's commander, Gen. Yeh Ting, was taken prisoner, according to a statement made by Gen. Ho Yin-ching, Minister of War at Chungking. The captured man was to face a military tribunal on charges of treason and of breaking of military orders. Gen. Hsiang Ying, Deputy Commander of the Fourth Army, however, was reported still at large.

Revolt Said Planned

Gen. Yeh Ting was said to have prepared the revolt long before the receipt of Chungking orders to move his men from Anhwei and Kiangsu areas north across the Yangtse. He openly acknowledged receipt of the transfer orders and requested $500,000 for a mobilization fund and 500,000 rounds of amunition, it was reported.

A later **United Press** report from Chungking, however seemed to relieve anxious well-wishers of United China by saying that the reacting by Chinese Communist leaders in Chungking to the suppression of the New Fourth Army indicated that they had not changed their intention to foil Japanese hopes for a wide and open split and crumble of the United Front.

Chou En-lai, the Communist Party's Liaison officer in Chungking, expressed regret over the incident, but said that he would do his utmost to prevent further friction. In his article appearing in the **Hsin Hpa Ji Pao** the Communist organ, on Jan. 17, Mr. Chou indicated that the Communists were still anxious to jointly resist the Japanese with Central Government, although in the meantime deploring the clash and characterizing it as "The greatest injustice in 1,000 ages."

Although the above reports are mainly based upon sources from Chungking, it may, however, reasonably be assumed that the disbandment of the New Fourth Army is most unlikely to arouse any political entanglement. Furthermore, the relations between the New Fourth Army and the Eighth Route Army (the major communist army operating in the north), according to reports received thus far, were rather left uncertain. The Fourth Routers were alleged to have associated with large "semi-bandit" forces recently, displaying increasing independence, both of the Communists and the Kuomintang—action greatly unsatisfied by the Eighth Route Army.

Havas meanwhile reported from Chungking that sixty-one Chinese Communists whose names were published on Jan. 19. Among these 61 ex-communists were Yuan Kuo-ting, Communist agent for Anhwei Province, Huan Feng-long, commander of the 1st Regiment of the "Red Guard", and Li Sho-shan, commander of the 1st battalion of ther mobile detachments sent by the Eighth Route army to Shangtung Province.

The disbanded Fourth Army, according to Communist historical recording, were composed mostly of Red guerillas who remained operating along the border provinces of Kiangsi, Hunan, Hupeh, Honan, Chekiang,, Kwangtung and Fukien, while the major Red forces were concentrated in the north-west up to October, 1936, following Generalissimo Chiang Kai-shek's fifth military maneuver in Kiangsi. The commanding officers of these Red guerillas were Generals Chen I, Chang Ting-tse, Teng Tze-hwei, Shu Yu, Wang Tao, Tu Ching-nung, Wang Tsou, Liu Ying, Kao Ching-ting, Chang Yung-I, Yuan Kuo-ping, with Gen. Hsiang Ying as the Chief Command.

Command Centred

Upon the incorporation of the Red forces in Kansu, Shensi into the Government troops as the Eighth Route Army, the latter said to have petitioned the Central Government to adopt the same procedure by re-organizing the Red guerillas operating in the above-mentioned 7 provinces. It was not until October, 1937, that the Central Government officially announced the re-organization of these widely-scattered red guerillas into the New Fourth Army. Gen. Yeh Ting was then named the Command-in-Chief of the Army with Gen. Hsiang Ying as the Deputy Commander.

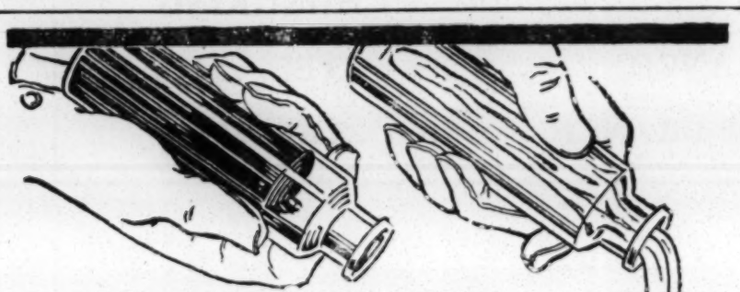
To some informed quarters, apparently Communistic inclining, of the New Fourth Army was said to have largely equipped itself from captured Japanese war materials. The Army, according to the same quarter, complained that they were given only the right of agitation and propaganda of the broad population while the right of organization and administration was reserved for the provincial authorities. In spite of special difficulties the New Fourth Army was said to be successful in development of, and strengthening, the co-operation with the other armies living almost on the same ground with New Fourth.

"Elaborate" Work

The same quarters further depict quite an elaborate work done by the New Fourth Army in their co-operation with the civilians in the guerilla zones, thus being able to win increased support from the people. In fact, whatever the Fourth Routers do, in all their movements and policies, they claimed to have been always on the side of the common people, and solely concentrated upon raising the people's strength and activity in anti-Japanese resistance.

In ridiculing what the Japanese term as cooperation between Chungking, Japanese and Nanking forces respectively in their fighting against the Fourth Army this quarter revealed that false propanganda was merely provoked by the jealousy upon the Fourth Army's two years of constant struggle with the superior Japanese forces.

Gen Yeh Ting, stresses the same quarter, is himself not a Communist. In fact, the task given to him for re-organization of the former Red Army forces in the South into the New Fourth Army and commanding over it was due to the "Kuomintang's insistence that this Communist army of guerilla warfare shall not be under Communist command."



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Shanghai in Throes of Labor Unrest as Cost of Living Continues to Mount; Strikers ask Increase and Bonus

Labor trouble fomenting from increased cost of living, year-end demands on creditors, and labor union unrest in Shanghai, resulted in strikes being called or threatened in at least eight different concerns this last week.

Beginning in earnest last December when the Municipal Police refused their duties until demands for higher wages were accepted labor strikes subsequently included tram and bus employees, and this week extended to taxi drivers, Commercial Press employees, Banking Corporation messengers, Cable Office messengers, union barbers, bakery delivery coolies, tobacco factory workers, and hospital employees.

Nine hundred employees of the four leading taxi companies were reported January 11 ready to refuse service unless satisfaction was given their demands of higher pay. The strike was not actuated, but taxi fares underwent a ninety-cent minimum increase, and tipping possibilities were raised by ten cents.

More than eight hundred workers of the Commercial Press were still petitioning pay increases, and employees of the Shanghai Evening Post and Mercury interrupted an edition of the paper during a strike for bonuses and higher wages. Pro-Nanking labor groups were reported Friday by the China Press to have taken a keen interest in the disputes, although to what extent aid would be given by the Nanking-sponsored union could not be ascertained.

Despite the conviction of many agitators who were arrested at Gordon Road barber shops, bands of "unionists" continued to visit establishments that had not joined the strike, until Saturday mediation resulted in promises of pay increases. Barbers will get fourty cents out of every dollar "take", plus tips, which shop owners claim comes to more than the salary. The strike lasted four days, during which time 71 agitators were said to have been arrested.

Messenger boys employed by cable companies, bread and confection companies, and banking concerns carried out their respective threats to strike last week and hindered business for several days. The complete staff of bakers, workers, and delivery coolies refused to continue for the Tchakalian Bakery and Confectionary over the week end until higher wages were promised. Work was resumed within a few hours by strikers of the Hongkong and Shanghai Banking Corporation, as with the Globe Wireless Telegraph Company, while officials considered answers to the demands.

Bonus Asked

Among the demands pressed by delivery coolies and labor workers are: a special allowance of $100, minimum pay of $20 per month plus $30 rental allowance, a high cost of living allowance increase of from 50 to 130 percent.

Less open to mediation is the strike at the St. Marie Hospital. Now three weeks old, the affair continues under the management's refusal to consider demands. A statement from officials of the hospital mentioned the conditions set by strikers to be a 500 percent increase for workers earning less than $10 per month, a 300 percent increase for those earning $20 per month, plus a picul of rice and an allowance of $10 for rent. It was pointed out that all the workers receive food and lodging free in the hospital.

As the strike agitations spread, 380 workers of the Wei Tsoong Tobacco Factory walked out Sunday to support their requests for an increased bonus and better working conditions in general. Among numerous smaller concerns, equivalent strikes were called, while Chinese circles looked to the Western District Labour Union for possible instigation. Allegedly, the Union is under control of Wang Ching-wei labor leaders.

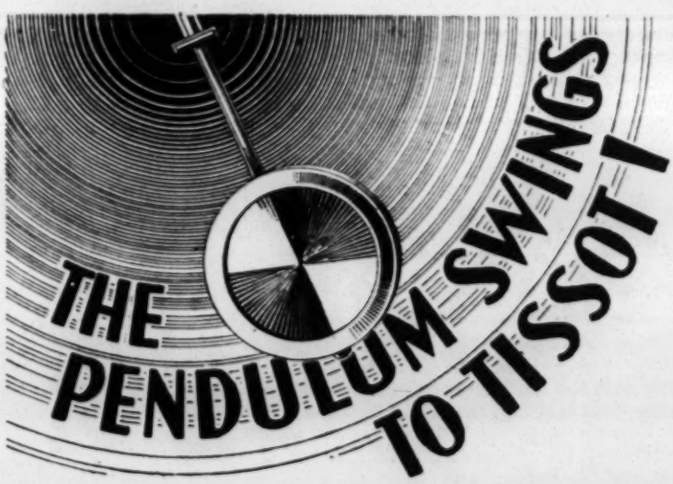
Gen. Yeh, complained the same quarter, was always a staunch supporter of the United Front and always remained faithful to Kuomintang-Communist co-operation. He was said to have fought already in 1927 to uphold the co-operation and when he failed he retired into political inactivity and disassociated hmself both from the Kuomintang and the Communists rather than to participate in civil war which he regarded as disastrous for China's national survival. His disobedience, continued the same quarter, if any, could only be in that he refused to become "a traitor to this principle of his life struggle."...."It is not because Yeh Ting is a rebel that the New Fourth Army is declared as disbanded. It is rather because of the preconceived plan to attack this Army that Yeh Ting, the fighter for the anti-Japanese united front, is being declared a rebel."

The Chinese press both local and in Chungking, with the exception of a few Red-inspired papers, almost unanimously approved the Chinese Government's decision to suppress the Fourth Army.

Both the **Central Daily News**, organ of the Kuomintang, and the **Hsai Tang Pao**, army organ, emphasized that the measure was motivated solely by the necessity of maintaining discipline and respect for orders given by the High Command.

These papers stressed the suppression as in no way connected with any political considerations and, consequently, does not affect any other troops. Even in the Fourth Army itself, these papers continued, the plot to revolt was formented by a few unworthy leaders only, most of the officers and men having had nothing to do with it.

The same opinion was shared by the local press too, the influential **Chen Yieh Pao**, in commenting on the New Fourth Army, stated that although in the early days, the Fourth Route Army did much to further the cause of the United Front, recently it had tried to take independent actions beyond the garrison area assigned to them, disobey orders of the Central Government, increase the number of their army without the approval of the Government, and failed to concentrate their efforts against the enemy and harbored the ambition of incorporating friendly troops into their own. The paper charged that this attitude was not only a revolt against the Government but also a gross violation of the policy of the Chinese Communist Party.



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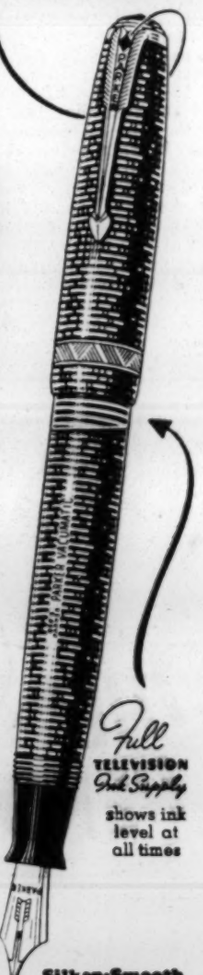

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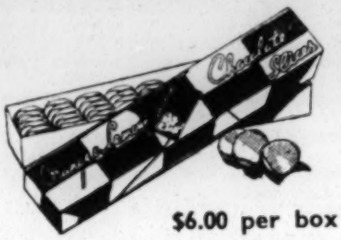

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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

January 5

The Chinese military authorities announced officially that Chinese mobile batteries along the Yangtse River during the 11 months beginning last January sank 192 Japanese vessels and damaged 18 more. **Reuter** reported.

American protest against the alleged detention and ill-treatment of American Marines in Peiping was rejected by the Japanese authorities. Negotiations were stated to have failed.

Domei reported from Hongkong that efforts were being made by the Chungking regime to obtain the agreement of the Australian Government to an exchange of ministers as a measure to counter the recent exchange of envoys between Australia and Japan.

***

January 6

As a result of negotiations between the Communist authorities and the Chungking Government, part of the Communist forces were already beginning to move to new positions designated by the High Command, according to **Reuter.** The remaining Communist troops were to carry out their transfer by stages.

Japanese aircraft attacked objectives on the Burma highway in west Yunnan for two successive days. A group of nine dive-bombed the northeast quarter of Kunming city, causing slight damage.

***

January 7

The Chinese Government is establishing a powerful price stabilization body for more effective economic control of rice, commodities and labour.

The Executive Yuan adopted measures for protection of overseas Chinese, because of the increasingly difficult international situation.

***

January 8

The national savings movement, launched throughout free China on September 18, 1940, had already brought in $122,600,000, reported **Havas.** It was hoped that the $200,000,000 figure would be reached by January 28, 1941.

According to an announcement made by the Italian mission in Hongkong, one Italian Catholic Sister was killed, two other Italian nuns were wounded and 200 Chinese were killed in a disastrous Japanese air raid on Waichow when two river boats filled with passengers were hit and sunk.

President Roosevelt's message at the opening of Congress foreshadowed more U.S. aid to China, said the official **Central China Daily News** in Chungking, declaring the speech showed that America no longer would compromise with Japan.

***

January 9

It was revealed in Tokyo that fifty representative members of Japanese political, press and business circles would be conferred with daily by the Cabinet for five days beginning January 14, to be informed of the Government's policies.

The Chinese military spokesman, at a press conference in Chungking, stated that Japanese forces around Canton, increased by one division, had begun to harass Chinese forces north and west of the city. Eastern Kwangtung, added the military spokesman, also saw a slight renewal of Japanese military activity in movements north of the Han River.

According to information from Chungking received by Rangoon Chinese, construction of the western section of the Yunnan-Burma Railway would be accelerated shortly.

Chinese field despatches from the North Hunan front claimed that 3,000 Japanese troops supported by artillery launced an attack to the south on January 4 from their base at Yang Lou Sze, while simultaneously Japanese forces in Southern Hupeh pushed into the hills east of Tsung Yang and Tung Chen in three columns. After 24 hours of vigorous fighting, the Chinese despatches claim, the Japanese withdrew to their original positions, leaving behind many killed and wounded.

***

January 10

Belated Chinese field despatches from the North Hunan front claimed that Chinese aircraft twice bombed Japanese positions along the north section of the Canton-Hankow Railway on Dec. 21 and also on Jan. 3. Japanese communications and military centers were subjected to severe aerial bombardment. Japanese stores of food, petrol and munitions at Yochow were said to have been set on fire.

The Japanese prime Minister, Prince Fumimaro Konoye, was reported to be contemplating a further strengthening of his Cabinet to face the crisis in international affairs expected in the Spring, when it was feared that relations between Japan and the United States would be further aggravated.

The U.S. Administration's sweeping new bill designed to aid the Democracies —specifically Great Britain, China and Greece—was introduced to Congress.

***

January 11

Whether the European war was to spread to the Pacific depended on the United States, according to the **Asahi Shimbun.**

The control and policing of the Chinese road network would be unified under the Transport Control Bureau, according to a Military Affairs Commission order released in Chungking.

Eighty million dollars were yielded last year by direct taxes in Free China, it was announced in Chungking.

Wartime censorship became effective in Japan as the Japanese Government gazetted an imperial edict empowering Premier Prince Fumimaro Konoye to prohibit publication and distribution under provisions of Article 20 of the National Mobilization Act.

Chuki, in Central Chekiang, was heavily bombed by waves of Japanese aircraft for the whole day. Air raid alarms were also sounded in both Kinghwa and Shaoshing.

Dr. Quo Tai-chi, Chinese Ambassador to London, protested to the Foreign Office concerning its decision to compel Chinese residents at Hongkong beginning January 15 to comply with registration and passport regulations

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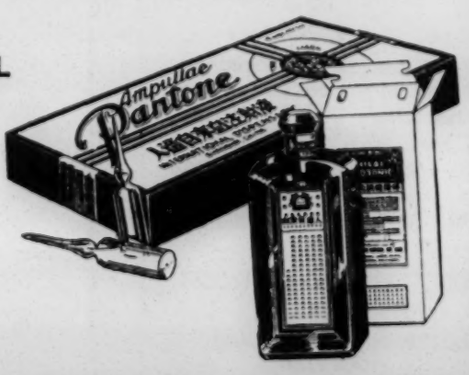

from which hitherto they had been exempt.

The National Supply Bureau decided to convoke a national food supply conference in Chungking on Feb. 20, **Havas** reported.

Raiders Declared Infesting Pacific

The **Manila Bulletin** on January 20 gave prominence to the stories of 98 Filipino survivors of three British vessels sunk by German raiders in the Pacific in December, stating that there are 12 German raiders in the Pacific and that 12 more are being fitted out in Japanese ports.

The survivors, who were landed on January 19, described three raiders which they saw.

Two of these, they said, were armed with heavy-caliber guns, and any of the three could hold itself against a light cruiser.

The Narvik, a vessel of about 10,000 tons, was called the "black ship," as it had no identification marks.

The other two ships were both disguised as Japanese, and were named Tokio Maru and Manyo Maru, of 10,009 and 5,000 tons respectively.

The Narvik is said to carry 12 four and eight-inch guns, with two torpedo-tubes, two dive-bombers and three Heinkels, and is stated to be capable of 22 knots.

The Manyo Maru is also stated to be heavily armed, while the Tokio Maru serves as a supply-ship.

The survivors told vivid stories of their ordeal, but said they were well treated, says Reuter.

Consul Warns Britons To Get Out Of Japan

Considerable anxiety was caused among foreign residents in the Tokyo-Yokohama area on January 21 on receipt by British residents in Yokohama of a written advice from the British Consul General, Mr. W. W. McVittie, to "leave Japan by regular shipping routes before the impending crisis in Japanese-American relations comes to a head."

Mr. McVittie said that the notice was sent only "to a limited number" and declined to elucidate his expectations with regard to Japanese-American relations.

The notification pointed out that in the case of war, all sailings would be cancelled and hurried evacuation would be impossible and British would not be free to use their money and property and they would not be able to communicate with their Consuls and that they may be interned.

Mr. McVittie said that the Japanese authorities had not been advised of the British evacuation.

The Consul-General sought to minimize the significance of his action as "usual." Japanese officials profess ignorance of any development likely to inspire such a warning at this time. Private foreign circles, however, are gravely disturbed due to the complete suppression of the plans and views of not only the Japanese Government, but also of these abroad as might indicate an imminent crisis.

Some regard the action of Mr. McVittie as linked with the rumours that Admiral Nomura, new Ambassador to the United States was not sailing as planned on January 23, while others suggest that it is part of a general plan of harassing the Japanese.

At present there is no indication of the number which have been induced to evacuate.

Who's Who in China

Chen Chih-mai, educator and government official, born in Canton, Kwangtung, July, 1908; Tsing Hua College, 1923-28; B. A., Ohio State University, 1929;

Chen Chih-mai
陳之邁

Ph.D., Columbia University, 1933; Professor of Political Science National Tsing Hua University, 1933-37; Professor of Political Science, Central Political Institute, 1937-38; now, Member of the Legal Commission of the Supreme Defence Council, Counsellor of the Executive Yuan; author of: "An Introduction to Political Education," "Theory of Political Institutions in China," etc.; articles in various magazines and newspapers; also editor of "The New Economist;" address; Executive Yuan, Chungking.

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(Continued from Page 275)

easily also without the Japanese. The menace to Japan of an eventual complete British and American embargo against economic intercourse with the Far Eastern Island Empire thus has been clearly pointed out. There cannot be any douwbt that this menace throughout last year induced Tokyo's expansionists to greater caution and restrain than they would have demonstrated had U.S.A. not denounced the treaty, and had Washington not been at pains to indicate to the Japanese some of the risks and perils they run by continuously an tagonizing Washington and London.

They Have Not Learned

The Japanese have not yet learned the whole lesson which the United States endeavors to teach them. The men in power in Japan fail to realize that only the unconditional abandon of all their expansion plans, in China as well as in the South Seas, is likely to reconciliate Washington. They still try to play for time, and if possible to neutralize U.S.A. while at the same time rushing preparations for further expansionist ventures.

It is in this spirit that they dispatch Admiral Nomura to Washington. They fail to see that this very state of the master-minds at Tokyo is the greatest handicap against an eventual success of the Nomura mission. As things are, the United States in all probability will have to continue, and to gradually further strengthen its policy of material warnings against Japan which started with the denunciation of the trade treaty expired a year ago.

Men and Events

The French Club in Shanghai was filled to overflowing on Monday evening, Jan. 13 on the occasion of the annual ball given by the Union of Russian Army and Navy Men, the occasion being the observance of Russian New Year. The function was attended by all members of the White Russian community, who could raise the price of a ticket, and in addition by large numbers of local Americans Britons and French. All proceeds from the sale of tickets, raffles, etc., are devoted to relief of needy members of the organization. Aside from dancing, there were several entertainment numbers, including a midnight tableau, which included some 50 men and women dressed in national costumes of pre-revolution Russia. There also was a style show of late model costumes designed by local Russian modistes. The function was said to be the most successful ever given by the organization since its formation here in 1920.

Part of the midnight tableau, including more than 50 men and women, who were dressed in the national costumes of pre-revolutionary Russia.

*

E. T. Nash, Acting Deputy Secretary and Publicity Officer of the Municipal Council of the International Council, has announced his intention of departing from Shanghai on Feb. 25, upon termination of 25 years of service.

*

Travel on the Trans-Siberian Railway has increased five-fold, according to report from Hsinking, capital of Manchukuo. The number of passengers travelling on the railway in 1939 was 750. In 1940 the number jumped to 3,860, a large percentage being Germans.

*

The branch of the National City Bank in Harbin will shortly be closed, according to a report circulated here by the German Transocean news service. The office in Harbin, established in 1919, was for a considerable period one of the most profitable in the Far East. The Nazi report stated that the business of the bank, including credits and liabilities, will be taken over by the Japanese Yokohama Specie Bank.

*

Anne Morgan, sister of J. Pierpont Morgan, who recently returned from France, visited President Roosevelt at the White House and strongly appealed to the President to send food to both occupied and unoccupied France. Miss Morgan announced her intention of organizing a popular campaign for food relief for the French people, whom she said were in dire distress. She declared that a starving France was not compatible with the humanitarian ideals of the American people.

*

The annual dinner of the Phi Beta Kappa Association of East China, held recently at the home of Mr. and Mrs. C. P. Ling in Shanghai, included as guests, the Rev. C. L. Boynton, Mrs. Edward Y. Hsu, Dr. W. B. Nance, Miss Grace Darling, Mrs. C. B. Day, Boise C. Hart, Jr., Mrs. Mary Brown, D. T. McAllister, Miss Fern Cavender, Irving Brown. All were graduates of universities in the United States.

Randall Gould, Editor of **The Shanghai Evening Post and Mercury** and correspondent for **Christian Science Monitor**, returned to Hongkong on Jan. 10, following a trip to Chungking. Mrs. Gould, who accompanied her husband to Chungking, has returned to Shanghai, while Mr. Gould proceeded to Manila, prior to returning to Shanghai..

Dr. Shuzo Sato, member of the medical faculty of Tokyo Imperial University, will shortly be appointed director of the Shanghai Institute of Natural Science, which is located on Route Ghisi in the French Concession. Dr. Sato is regarded as an authority on the subject of tuberculosis and also has made a special study of the Chinese ailment known as Kalazar, which is prevalent in the southern Chinese provinces.

Donations from the Amerian Red Cross would be used for the establishment of 30 hospitals in Chungking, designed for the treatment of air raid victims, according to a report from Chungking by **Kuomin** on Jan. 20.

*

Jih-Cheng Hutuketu, acting temporal ruler of Tibet, has dispatched his personal representative to Chungking. The representative, whose name is Jao-Chieh-Chu-Ta-Erh, arrived in Chungking from Lhasa, capital of Tibet on Jan. 20.

*

Funao Miyakawa, Japanese Consul-General at Vladivostok, and concurrently Councillor of Embassy in Moscow, has been relieved of his Vladivostok post. Shintaro Sato, Consul-General at Hanoi has been appointed Secretary of the Foreign Office at Tokyo, and Koto Matsudaira, Secretary of the Foreign Office, has been appointed Second Secretary of the Japanese Embassy in Washington.

*

E. Y. B. Kiang, Chinese member of the Municipal Council of the International Settlement, has resigned because of his absence from Shanghai. Mr. Kiang, who is a son-in-law of the venerable Chinese leader, Yu Ya-ching, was compelled to leave Shanghai due to the inclusion of his name in the Nanking "blacklist," published several weeks ago. Mr. Kiang is now residing in Chungking where he has a post with the National Government. The Council has appointed Dr. D. S. Chen to Mr. Kiang's place on the Staff Committee, while vacancies on the Watch and Public Utilities Committees, due to Mr. Kiang's resignation, have been filled by the appointments of Zurtin Zao to the Watch Committee and W. J. Lee to the Public Utilities Committee.

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The former Kaiser Wilhelm of Germany, who is 81 years of age, is seriously ill at his residence at Doorn, Holland, according to dispatches from Berlin published in the American papers. The report stated that physicians were seriously concerned at his weakened condition. The Kaiser fled to Holland on Nov. 10, 1918, following the defeat of the German armies and took refuge in the home of Count Bentinck at Doorn, Holland.

•

The Japan Council of the American Methodist Church voted on Jan. 10 to retain its United Methodist Mission in Japan. The decision not to evacuate their missionaries from Japan followed a three day session of representatives of the Missions, which was attended by Bishop James Baker of Los Angeles. In view of the Tokyo Government's order that all Christian missions, if they remain in the country, must divorce themselves from American financial support, the Methodists decided to recommend to the home board that all grants to middle schools be withdrawn in four years, except in cases of acute need. All property of the Mission will be turned over to the Japan Methodist Church and Methodist schools in various parts of Japan. All local boards and committees will consists of five Japanese and four Americans.

•

Rear Admiral Harry E. Yarnell, who returned to active duty, after a year's leave, on Jan. 16 has been assigned the job of lecturing at the various universities and colleges with the object of encouraging students in engineering to enter the service of the U. S. Navy. Admiral Yarnell, who had extensive experience as commander of the U. S. Asiatic Fleet, recently was appointed Chairman of the American Committee to assist the Chinese Industrial Cooperatives. During his leave of absence from active service, Admiral Yarnell lectured in various parts of the U. S. on conditions in the Far East, particularly Japanese activities on the Continent.

•

Isidore Lazarus, German Jew, 58 years old, who was convicted of a passport fraud in New York on Jan. 11, confessed he was a close friend of the German financier Dr. Hjalmar Schacht and Dr. Robert Ley. He stated he had carried large sums of money for Dr. Schacht and Dr. Ley and also for Marshal Goerring and Dr. Geobbels from Germany for deposit in banks in other countries. The money was supposed to be used for financing espionage and propaganda outside Germany. Lazarus was given a sentence of two years' imprisonment and a fine of US$2,500. According to the evidence Lazarus had obtained a passport through the U. S. Consul in Berlin by claiming he was born in the United States, though he actually was born in Rumania. He claimed he had tried to help refugees send a "small portion of their money from Germany, but most of the funds remained in the pockets of Nazi officials."

Robert Aura Smith, whose book, "Our Future in Asia," (reviewed Nov. 23) attracted wide attention, is now writing another, which will be published by the Viking Press. Mr. Smith was formerly connected with the **Manila Bulletin**, but has been cable editor of **The New York Times** for some time. An article entitled "Stalemate in Asia," by Mr. Smith appeared in February **Asia.**

•

Gangsters armed with pistols, axes and clubs broke into the office of the Nazi **Transocean** news agency in Quito, capital of Ecuador, on Jan. 16 and smashed several typewriters, stole a radio set, a typewriter and the telephone apparatus. According to **Transocean,** the raid was thought to have a political background. The office resumed functioning normally the same day, stated the report.

•

Hector Van Den Denckt, naturalized American, was the first American citizen to be indicted for violation of the U. S. Neutrality Act, according to report from New York on Jan. 16. The Neutrality Act, passed shortly before the outbreak of the European War, prohibits American citizens from serving on vessels of a belligerent nation. Van Den Denckt had served as first officer of the Belgian steamer Ville de Namul, which was torpedoed by the Germans in the Bay of Biscay.

•

"Germany lost the war last mid-September," was the statement of James M. Minifie, correspondent for the New York Herald-Tribune, who returned to the United States recently after five months in London. He said that it required 2½ tons of explosive to kill one man, hence "I believe air-bombing has not the right magnitude for destruction of life....You must invade to beat England....and since mid-September England has gotten so strong that a German invasion hasn't a ghost of a chance ....Germany lost the war when she failed to invade England...." Mr. Minifie said that England's pressing problem was need for destroyers to protect convoys as Nazi submarine warfare has played havoc with English shipping.

•

A report from Vichy, through the Nazi **Transocean** news service, said that the **French Legal Gazette** (Office Francaise d'Information) had published a new law concerning the organization and functions of the French **Havas News Agency.** The German report said that the shares of the French news agency, recently purchased from private owners by the Vichy Government, would be turned over to the new "Office of Information." The law designated that the agency "shall gather and distribute various news in France, her colonies and mandated islands as well as foreign countries." It also specified that the agency shall operate as a "public enterprise and shall be financially independent." It will be operated under the secretary of the State Secretary, who is responsible for the information office, which, in turn will be headed by a director-general, assisted an editorial council council and managing committee for business affairs. The editorial council will consist of seven members and will have charge of "inner political and foreign political questions." The editorial council will include a director-general of the information office, director of government information as well as ministerial representatives from the President of the State, Foreign Office, Home, Finance and Colonial Ministries. The editorial council will meet once a week. The director—general—at present Paul Baudoin—will be appointed "upon the recommendation of the minister responsible for the information service," stated the German account.

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The American Red Cross has announced its intention of creating a "blood-reservoir," which will be available for blood transfusions i"n the event of war or other catastrophe." The organization shortly will launch a nation-wide campaign to enlist blood-donors and also has ordered an investigation to determine the best method of conserving the blood plasm.

*

Mayor Chen Kung-po of the Chinese Municipality of Shanghai, delivered a lecture on Jan. 17 at the Japanese Tung Wen College on the subject of "Economic Control and the Food Supply." According to the Nanking **Central News**, more than 1,000 Japanese teachers and students attended the lecture. Tung Wen College, long known as the Japanese "spy college" occupies the premises of Chiaotung University, leading Chinese engineering school, which was forced to evacuate the premises following the Japanese occupation.

*

The Japanese Shooting Association—supposedly not connected with the Army—has announced its intention of sending an expedition consisting of "more than ten members" on a wolfhunt to Inner Mongolia next April or May, according to **Domei**. The object of the "Mission" is to investigate and make a report on the wolf situation, which has grown so serious as to menace the 4,000,000 sheep which range the meadows of the Mongolian plains. The expedition will be under the supervision of Lieut.-General Goro Kashiwa, who is Vice-Chief of the General Bureau of the Pasturage of the Federated Autonomous Government of Inner-Mongolia, stated the report. It was said that Gen. Kashiwa had been informed of the wolf menace by Dr. Seinosuke Uchida, Japanese official of the Mongolian Ministry of Agriculture and Forestry.

*

Dr. Wang Chung-hui, Minister of Foreign Affairs was host at a luncheon party in Chungking on Jan. 18 which was attended by 300 foreign diplomats, foreign and Chinese press correspondents and others in Chungking. Among those present were Nelson T. Johnson, American Ambassador; Sir Archibald Clark Kerr, British Ambassador; M. Semonovitch Panaouchkine, Soviet Ambassador; the Italian Charge d'Affaires; the Counsellor of the German Embassy; the First Secretary of the French Embassy; the First Secretary of the Netherlands Legation; and the Burma Government delegates. Among the Chinese officals present were Dr. H. H. Kung, Vice-President of the Executive Yuan; Sun Fo, present of the legislative Yuan; Dr. Weng Wen-hao (Oong Wen-hao), Minister of Economics; Chen Li-fu, Minister of Education; Chang Kia-ngau, Minister of Social Affairs; and General Wu Chung-hsin, Chairman of the Mongolian and Tibetan Affairs Commission.

*

The Japanese Cabinet on Jan. 17 considered a report submitted by a special commission dealing with the problem of "increasing the birthrate and decreasing the death rate." According to a report by the **Transocean** correspondent, the death rate in Japan has decreased from 27 per thousand in 1937 (year of the outbreak of war), the birthrate also has declined. The Commission appointed to investigate the subject, "admitted that the war had something to do with the declining birth rate," and recommended earlier marriages, a tax on bachelors and bonuses for large families. The Commission also recommended improved sanitary conditions in homes as a means of combatting the high mortality rate. Nothing was said in the report about a proposal of one of the reservists' associations last year that a "birth-replenishment week" be announced by the authorities as a means of combatting the declining birth-rate.

The National Government announced numerous appointments of Central and Provincial officials, according to **Kuomin** reports from Chungking during the week. New officials appointed in the Ministry of Agriculture and Forestry included the following: Li Shun-ching, director of Afforestation; Cheng Shao-hui, director of Fisheries and Animal Husbandry Department; Wu Fu-chen, chief technical expert of the Central Agricultural Experimental Station; Chao Pao-chuan director of Rural Economy Department; Hsieh Chia-sheng, Director of Central Experimental Institute; Shen Tsung-han, deputy director of Central Experimental Institute; Wang Chung-wu appointed Chief Statistician of Ministry of Communications; mandate issued commending Wai Han-pin, district magistrate of Nanlo and Fan Shu-hua, magistrate of Tungking for noteworthy action in defending national territory in the campaign of resistance; Su Hsi-hsun, director of higher civil service and Liu Hou-wu and Pai Peng-fei, members of the Kweilin Examination Office, formally sworn into office; following Chekiang officials appointed: Chu Hsi, deputy peace preservation official for 2nd area; Yin Hsihox deputy peace preservation official in 3rd area; Tsai I-ming, deputy peace preservation official in 4th area; Chen Kuei-tai, deputy peace preservation commander in 5th area; Li Ching-kiang in 6th area; Chi Hao-nien, for 7th area; Ling Chiu-hsiao for 8th area; Li Yu-fei, deputy peace preservation commander in 10th Chekiang area; Chow Pai-tao, deputy director Kiangsu provincial peace preservation department; Fu Kwang-pei, chief accountant of Hupeh government; Chang Ching-yung, chief secretary of Ninghsia provincial assembly in place of Chang Tien-wu, who resigned; Hu Shun-sheng, special administrative commissioner for 3rd area in Hupeh; Hu Shun-sheng, special peace preservation commissioner for Hupeh 3rd area; Tan Ko-min, general superintendent of election of Kweichow delegates to National People's Congress, in place of Sun Hsi-wen, who resigned; Kao Ching-yao, chief clerk of Kansu provincial high court.

*

Army and Navy Men, the occasion being the observance of Russian New Year. The function was attended by all members of the White Russian community, who could raise the price of a ticket, and in addition by large numbers of local Americans Britons and French. All proceeds from the sale of tickets, raffles, etc., are devoted to relief of needy members of the organization. Aside from dancing, there were several entertainment numbers, including a midnight tableau, which included some 50 men and women dressed in national costumes of pre-revolution Russia. There also was a style show of late model costumes designed by local Russian modistes. The function was said to be the most successful ever given by the organization since its formation here in 1920.

*

Walter Lutz, best known of German pilots serving with the Eurasia Aviation Corporation, departed for Germany by plane on Jan. 15, Mr. Lutz was dangerously wounded when his plane was shot down by Japanese warplanes some time ago. He was taken to a hospital in Kunming and later to Chungking, but it was found necessary to have his injuries treated by a specialist in Germany. He returned to Germany by plane over the Sino-Soviet line, flying from Chungking to Berlin, by way of Alma Ata and Moscow. Mr. Lutz' popularity was indicated by the presence at the airport of the entire German community and many officials of the Chinese Government. It was reported that the German Government may withdraw all German pilots from the Sino-German Eurasia line due to Japanese activities.

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New Books of Interest in the Far East

Year of U.S. Diplomacy

DOCUMENTS ON AMERICAN FOREIGN RELATIONS, July 1949—June 1940; edited by S. Shepard Jones and Denys P. Myers; World Peace Foundation; 875 pages; price, U.S.$3.75.

This redoubtable tome is not likely to be a best-seller, nor probably will it be pirated here. Also it contributes nothing new to those who have read the newspapers of the period regularly and carefully, for the real documents of American diplomacy of this time—the confidential exchanges between Washington and both its own representatives and various governments—will not be made public by the State Department for 15 or 20 years.

The World Peace Foundation annual collection, however, is very valuable for reference—particularly the issue under review, including as it does beginning of the European war,—and here, of course, our newspapers can't carry all manifestos in full. So those who have not read such a newspaper as the **New York Times** steadily will find much here that is new, although little of major importance.

In a favorite aphorism of the eminent American economist and Ambassador, Nelson T. Johnson, diplomacy is used as a Red Indian uses his blanket—both to keep warm and to put out a fire. Alas, the American diplomacy of the period covered does not seem to have been successful in either respect. Without it, of course, things might have been worse.

The collection includes not only all American official statements in full, but also in full or in summary all statements and treaties made public over the world with bearing on American policy —and this takes in a lot of territory. With regard to the Far East, for example, we have the October 19, 1939, speech of Grew in Tokyo, many Japanese statements, and many Nanking and Chungking statements, as well as all pertinent public announcements in Washington—notably the one terminating the 1911 U.S.-Japan commercial treaty.

In the rush of current events, much of importance is likely to be forgotten; and on re-reading the August 23, 1939 Hitler-Stalin accord one may ponder over the meaning of Article IV in the light of developments. Article IV says: "Neither of the two contracting parties will participate in any grouping of powers which is indirectly or directly aimed against the other party." Does that mean that when Japan joined the Axis she had solemnly to disavow her past anti-Soviet pretensions? And with Chungking tacitly allied with both Britain and America—which are anti-Axis, —how can the Soviet Union keep on aiding Chungking?

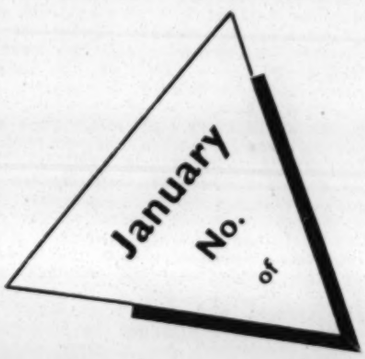
Actually, to be sure, we are living in a world where every treaty is a scrap of paper the moment any signatory desires and is physically able to act contrary to it. This is not a new development in immorality, but merely because there has been a breakdown of any stable balance of power which made it either physically impossible or highly inadvisable for a nation to refuse to live up to its agreements. And it will continue until some new stable balance of power is achieved. Meanwhile, the less we think in terms of treaties the better: it is not what any nation is pledged to do or not do that counts, but what it can do in its apparent best interests under any given set of circumstances. In other words, force is the prime instrument of all national policy.

Reading through anew the various public exchanges in this volume is in large part illuminating only in its revelations of psychology,—for example, the exchanges over the first aerial bombing in the European war, in Poland. Any realist knew such bombings were inevitable, that protest against them was fatuous, and yet no less a statesman than President Roosevelt seemed to feel it his duty to be officially "shocked" by the fact that they had happened. One of the many things wrong with the world is the fact that official attitudes are so often out of keeping with reality. If men are not humane enough to abolish war, how can they be expected to be humane enough to fight according to some international Queensberry rules? Further, "humanized warfare" is a grotesque contradiction in terms. The only limitation on the conduct of war is that imposed by fear of retalitation. Poison gas, for example, may never be used because each side fears it would boomerang; but under certain conditions it would be used.

The Pope's appeals for peace are included. But there is missing any attempt of the Pope to do the only thing that possibly could have been effective: order Catholics to refuse to fight for aggression. Probably this would not have stayed the German Catholics, but equally probably such a stand by the Pope would have kept Italy out of the war.

Two of the documents of the book probably never published in the Shanghai press were the exchanges of November 28, 1939, between the late Lord Lothian and Librarian of Congress MacLeish upon the deposit for safe-keeping of the best of the four original copies of the Magna Carta. Lothian said: "If one reads Magna Carta with the cold objective eye of the historian, it is clear that the protagonists in the historic struggle against the exactions and oppressions of the Crown were not the people but the barons of England. And the barons were certainly more concerned to preserve their own rights and privileges than to extend the liberties of commoner and villein. Yet from that day in 1215....the almost self-evident truths (of the Magna Carta) have echoed through the pages of history....repeated....by rebels and conservatives, by parliaments and congresses, as the sufficient grounds on which to base their claim for liberty and responsibility."

To which MacLeish responded: "It is not important in the long view of history whether limitations upon absolute power were limitations imposed by a particular class for the intended advantage of that class, or whether they were limitations imposed by popular will. It is only important that the limitations should exist. The far-carrying phrases (of the Magna Carta) may have been meant by their contrivers to safeguard



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the vested interests of a few landowners and deer killers in thirteenth century England. They have inured to the benefit of the people of seven centuries and of continents of which their authors never heard."

Here is realistic radicalism to counter—if it can—the romanticism, perfectionism and quixoticism of our times. It may, of course, be easily proved that the Magna Carta has worked out far from perfectly. But will the world have to go through another cycle of totalitarianism to prove the need of a Magna Carta as a desirable although imperfect alternative?

Studies of current diplomacy, among other things, does not indicate an optimistic answer.

W. B.

Still Unspoiled

"LANDMARKS OF NEW MEXICO." Published by University of New Mexico and The School of American Research; University of New Mexico Press, Albuquerque, N. M. By Edgar L. Lewett and Wayne L. Mauzy.

Here is a picture book of unusual interest...It is emphatically not a guide book nor a gushing piece of tourist bait, but a collection of extraordinary pictures of the only remaining unspoiled frontier section of the United States. There are pictures of pueblos, mesas, deserts, Indians, cliff dweller ruins, adobe villages,—all of which make New Mexico what it is, a thoroughly delightful but strange, alien, and incongruous domain within the borders of the United States. Many Americans do not realize that New Mexico is at once the oldest and newest section of the country. Although it was the next to last state to be admitted, its Spanish colonization antedated Jamestown and Plymouth Rock.

The explanatory text which goes with the pictures is concise and scrupulously accurate, but lively and unstilted. The book is a serious contribution to archaeology, history, geography, and ethnology, with no attack of the see-how-picturesque-we-are variety. There is nothing synthetic about the wonders of New Mexico and the pictures, with a few exceptions, are of things which are ancient and enduring. When the Indians of a pueblo put on a Corn or other ceremonial dance, they are not presenting a mere show for tourists, but are doing something real and earnest. The book is of special interest and importance at a time when the opportunities for Americans to travel to fascinating corners of the world are limited.

M.J.H.

S.V.C. Recruits Asked

The American Chamber of Commerce has circularized American firms in Shanghai urging them to permit their American employees to serve with one of the three American units in the Shanghai Volunteer units—the American Company, the American Troop and the American Machine-Gun Company. Special attention of American firms is called to the importance of guarding Defense Sector B, which was taken over by the S. V. C., following the withdrawal of British forces from Shanghai. The Chamber's letter, signed by Bruce M. Smith, President, stated that this district includes the Central area stretching from the Bund to Yu Ya-ching Road and from Avenue Edward VII to Soochow Creek "and beyond." Mr. Smith said that the Commanding Officer of the Volunteer Corps had assured him that, except in time of emergency, service probably would not include more than one day a month. Mr. Smith urged the heads of local American firms to assist in building up the American units by encouraging all eligible Americans to join.

In the United States Court for China

BENJAMIN KAY WONG, *Plaintiff,* vs. SELMA JAMES WONG, *Defendant.*	Cause No. 4566 Civil No. 2445 ORDER Filed at Shanghai, China, Jan. 11th, 1941 WILLIAM T. COLLINS Clerk.

The object of this suit is an action for divorce for the dissolution of the bonds of matrimony between the parties hereto.

WHEREAS, plaintiff herein, by his attorney, has this 11th day of January, 1941, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 10th day of January, 1941, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 9th day of January, 1941, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China, nor has she resided therein for more than six months last past from said date, and that defendant's last known address was c/o Nanking Restaurant, 66 West Randolph Street, Chicago, Illinois, U.S.A.

NOW, THEREFORE, it is this 11th day of January, 1941, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the China Weekly Review, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 1st day of February, 1941, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:
Dated at Shanghai, China,
this 11th day of January, 1941.
Leighton Shields,
Attorney for Plaintiff.

MILTON J. HELMICK,
Judge.

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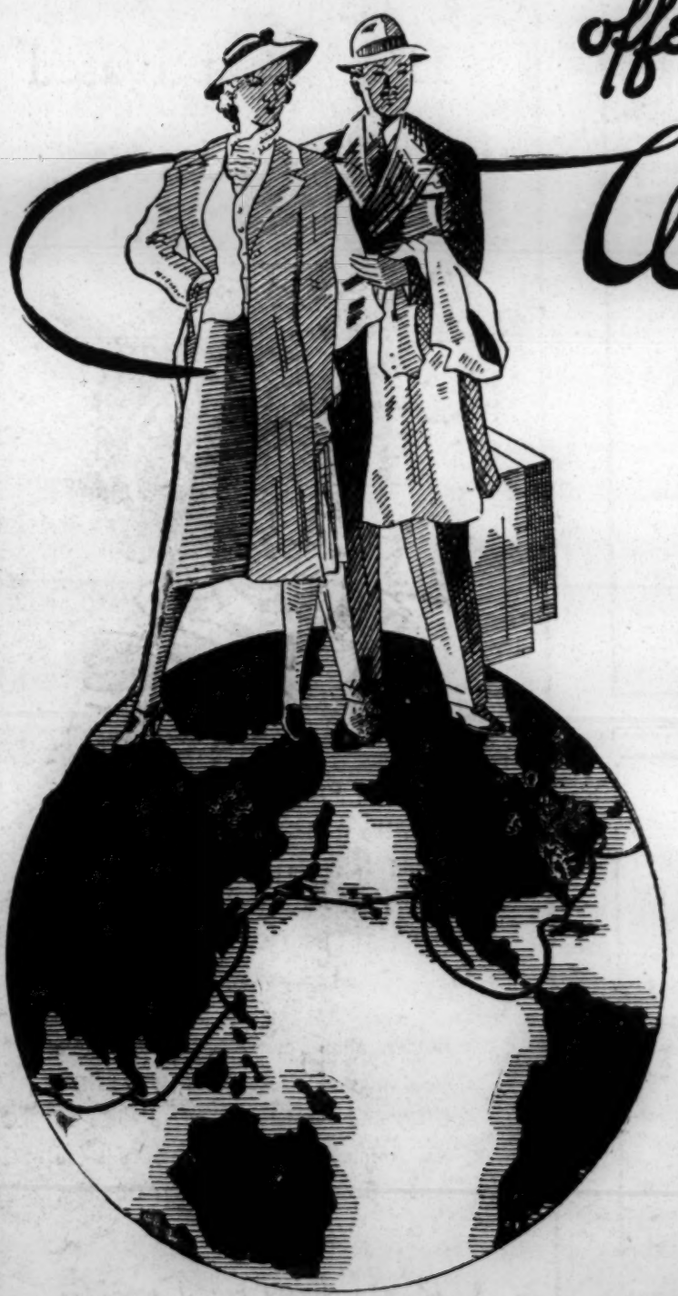

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